

CONFLICT AND COOPERATION IN MULTI-ETHNIC STATES

Institutional incentives, myths, and
counter-balancing

Brian Shoup

ASIAN SECURITY STUDIES

Conflict and Cooperation in Multi-Ethnic States

Inter-ethnic competition in plural societies is often characterized by a “counterbalance” of political and economic strength between different groups. In such cases, tensions emerge as politically dominant groups fear loss of hegemony to more economically aggressive groups. Likewise, economically successful groups require key public goods and a political atmosphere conducive to investment. These social relations are couched in terms of ethnic mythologies that stress the indigenous role of one group, and consequently its superior political status.

This book develops a model that explains how and why inter-ethnic bargains between rival groups can erode given different institutional configurations. It is hypothesized that inter-ethnic conflict is more likely in countries where political institutions fail to insulate the political hegemony of traditionally dominant ethnic communities and redistributive programs fail to improve the economic position of ethnic majorities. In such cases, outbidding strategies by more extreme ethnic leaders are more successful and violence becomes more likely.

This book will be of interest to students of ethnic conflict, Asian politics, and security studies.

Brian Shoup received his PhD from Indiana University, where he is now the Assistant Director of the Indiana Democracy Consortium.

Asian Security Studies

Series Editors: Sumit Ganguly and
Indiana University, Bloomington

Andrew Scobell
US Army War College

Few regions of the world are fraught with as many security questions as Asia. Within this region it is possible to study great power rivalries, irredentist conflicts, nuclear and ballistic missile proliferation, secessionist movements, ethnoreligious conflicts and inter-state wars. This new book series will publish the best possible scholarship on the security issues affecting the region, and will include detailed empirical studies, theoretically oriented case studies and policy-relevant analyses as well as more general works.

China and International Institutions

Alternate paths to global power
Marc Lanteigne

China's Rising Sea Power

The PLA navy's submarine challenge
Peter Howarth

If China Attacks Taiwan

Military strategy, politics and economics
Edited by Steve Tsang

Chinese Civil–Military Relations

The transformation of the People's Liberation Army
Edited by Nan Li

The Chinese Army Today

Tradition and transformation for the 21st century
Dennis J. Blasko

Taiwan's Security

History and prospects
Bernard D. Cole

Religion and Conflict in South and Southeast Asia

Disrupting violence

Edited by Linell E. Cady and Sheldon W. Simon

Political Islam and Violence in Indonesia

Zachary Abuza

US–Indian Strategic Cooperation into the 21st Century

More than words

Edited by Sumit Ganguly, Brian Shoup and Andrew Scobell

India, Pakistan and the Secret Jihad

The covert war in Kashmir, 1947–2004

Praveen Swami

China's Strategic Culture and Foreign Policy Decision-Making

Confucianism, leadership and war

Huiyun Feng

Military Strategy in the Third Indochina War

The last Maoist war

Edward C. O'Dowd

Asia Pacific Security

US, Australia and Japan and the new security triangle

Edited by William T. Tow, Satu Limaye, Mark Thomson and Yoshinobu Yamamoto

China, the United States, and Southeast Asia

Contending perspectives on politics, security, and economics

Edited by Evelyn Goh and Sheldon W. Simon

Conflict and Cooperation in Multi-Ethnic States

Institutional incentives, myths, and counterbalancing

Brian Shoup

Conflict and Cooperation in Multi-Ethnic States

Institutional incentives, myths, and
counterbalancing

Brian Shoup

First published 2008

by Routledge

2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

Simultaneously published in the USA and Canada

by Routledge

270 Madison Ave, New York, NY 10016

Routledge is an imprint of the Taylor & Francis Group, an informa business

This edition published in the Taylor & Francis e-Library, 2007.

“To purchase your own copy of this or any of Taylor & Francis or Routledge’s collection of thousands of eBooks please go to www.eBookstore.tandf.co.uk.”

© 2008 Brian Shoup

All rights reserved. No part of this book may be reprinted or reproduced or utilized in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloging in Publication Data

A catalog record has been requested for this book

ISBN 0–203–94560–3 Master e-book ISBN

ISBN10: 0–415–43391–6 (hbk)

ISBN10: 0–203–94560–3 (ebk)

ISBN13: 978–0–415–43391–4 (hbk)

ISBN13: 978–0–203–94560–5 (ebk)

Contents

<i>Illustrations</i>	ix
<i>Acknowledgments</i>	xi
1 Ethnic identity, economic power, and conflict	1
<i>Ethnic identity</i>	3
<i>Identity and conflict</i>	7
<i>Counterbalance and ethnic conflict</i>	15
<i>Conclusion</i>	18
2 Ethnic mythologies and formal institutions	21
<i>The “third wave” and political institutions in plural societies</i>	23
<i>Ethnic myths</i>	30
<i>Fiji</i>	38
<i>Malaysia</i>	44
<i>Conclusion</i>	51
3 A theory of conflict and cooperation in counterbalanced states	54
<i>Counterbalanced countries and incentives for conflict and cooperation</i>	54
<i>Proposed theory</i>	56
<i>A spatial model of cooperation and conflict and implications of the theory</i>	60
<i>Conclusion</i>	70
4 Fiji: a “nationalist iceberg” in the South Pacific	72
<i>Colonial era</i>	73
<i>Parting the waters: ethnic concession and the move to independence</i>	80

Ethnic outbidding, ethnic cohesion, and the risks of bargain failure: 1972–87 82

The bargain fails: the coups of 1987 87

Hope springs eternal: the 1997 constitution 91

Third time's a charm: the 1999 elections and Speight's putsch 95

The restoration of parliamentary democracy 100

Analysis 102

Conclusion 110

5 Of ballots and tall grass: Malaysia's quasi-democracy and ethnic relations 112

May 13, 1969 and its aftermath 113

The crisis of 1987 and the beginning of the executive state 128

The Anwar Ibrahim incident and the 1999 elections 131

Analysis 135

Conclusion 137

6 South Africa: rainbow nation in Zimbabwe's shadow 139

The apartheid regime and the move to racial equality 141

The perils of "independence": economic transformation and national reconciliation in a counterbalanced South Africa 148

Black economic empowerment 150

Conclusion 153

7 Conclusion 158

Money changes everything? 163

Can counterbalance be sustained? 164

Notes 166

Bibliography 174

Index 181

Illustrations

Figures

4.1	Sample of Fijian ballot from Lomaiviti Fijian communal district	93
5.1(a)	Apportionment of seats in peninsular Malaysia, 1974	119
5.1(b)	Apportionment of seats in peninsular Malaysia, 1984	120
5.1(c)	Apportionment of seats in peninsular Malaysia, 1994	120
5.2	Ownership of share capital in 1970	122
5.3(a)	Ownership of share capital, 1970	125
5.3(b)	Ownership of share capital, 1990	125
5.3(c)	Ownership of share capital, 1995	126

Tables

1.1	Counterbalance in the modern world	17
3.1	Two-dimensional parameter space: representation and expropriation	61
4.1	Ethnic composition of Fiji	74
4.2	Ethnic composition of parliament 1972–1982	82
4.3	2001 Election results	101
4.4	Ethnic composition of Fiji's open constituencies	105
5.1	Ethnic composition of Malaysia in 1997	114
5.2	Employment by occupational category and ethnic group	127
6.1	Ethnic composition of South Africa (2001 census)	140
6.2	1996 Election results for the National Assembly	154
6.3	2000 Election results for the National Assembly	155

Acknowledgments

Many people helped me with this project and it is impossible to adequately thank them for their assistance. Perhaps the biggest debt is owed to Michael McGinnis, Sumit Ganguly, Henry Hale, Kathryn Firmin-Sellers, and Burt Monroe. Their guidance through this project in its myriad forms is reflective of their immense patience and I am grateful for their help. During the course of this project I lost a good mentor in John Williams. He is missed by everyone who knew him and his suggestions on distributive politics are an important part of this project. In addition, I must thank Jeff Isaac, Ted Carmines, Ken Bickers, Elinor Ostrom, Jeff Hart, and Yvette Alex-Assensoh for their assistance over the past several years. Helpful comments from Robert Bates, John Fraenkel, Andrew Scobell, Robert Norton, P. Ramasamy, Bridget Welsh, Zakaria Haji Ahmed, Ong Kian Ming, Tang Siew Mun, Saliha Hassan, Terrence Gomez, Irfan Nooruddin, and Clark Gibson were also critical to the completion of this project. Of course, any errors of fact and interpretation are the sole responsibility of the author.

During my fieldwork I came to rely on the help of a number of individuals, including the Schutte family in Pretoria, Danie Schmidt, Alta Stelling, Pete Mitchell in Kuala Lumpur, Amy Lee-Hopkins, Jone Dakavula, and Danie Austin in Suva.

Given the stress of working on a large project, I am particularly grateful for the patience and camaraderie of several very close friends. Brian Schaffner, Jon Winburn, Mike Wagner, Stephanie Sillay, Jeanette and Jesse Mendez, Matthew Loveless, Bridget Mulvey, Tracy Osborn, Heather McDougall, Jason Widen, Patrick Brandt, Dixon Hollis, Tiffany Pfieffer, John Hulsey, James Moskowitz, Jenny Oetken, and Vasabjit Banerjee are owed many free nights at the local tavern for their support – just not all at once!

Melanie Loehwing has been especially helpful during the process of writing this book. She puts up with more than she should and still is nice enough to tolerate my guitar playing in the basement!

Finally, my parents have helped me more than I can say on many occasions. I love them very much and dedicate this book to them.

1 Ethnic identity, economic power, and conflict

On May 19, 2000 a group of seven armed men led by a failed businessman named George Speight entered the Fijian legislature and took members of the government, including Prime Minister Mahendra Chaudhry, hostage. Speight declared the constitution dead and named himself as prime minister. Speight claimed that the 1999 elections that resulted in a government controlled by the Indian-dominated Fiji Labour Party had led to the oppression of the indigenous Fijian community who, in his view, should wield political authority. The Indian population of Fiji, descended from immigrant labor brought in during British colonial rule to work the sugar cane fields, has historically dominated the Fijian economy. The fact that a political party associated with Indo-Fijians now held political power as well proved unpalatable to a large number of Fijians. Following a 56-day standoff marked by violence and rioting, Speight finally relented and released the hostages, but not until grievous harm had been done to the fragile democratic experiment in a country historically beset by inter-ethnic hostility. The events in Fiji might be largely written off as an example of a madman's fantasy being taken too far, except that Speight's actions earned him, at least temporarily, the support of thousands of ethnic Fijians who viewed him as a champion of the largely impoverished indigenous population. In elections held in August of 2001, Fijian voters in the Tailevu North constituency rewarded Speight by electing him to the national legislature.¹

At roughly the same time, halfway around the world, President Robert Mugabe of Zimbabwe was giving his full support to a policy of land redistribution based on the rank expropriation of white-owned farms. Scores of "war veterans," many of whom were not even born when revolutionaries wrested control of the state from Ian Smith's Rhodesian Front government, descended upon the country's farms and forcibly evicted the owners. Mugabe claimed that such actions were part of a strategy to correct the wrongs of the colonial era, when Shona and Ndebele groups were forced to eke out a living on marginal and overpopulated reserves while the best agricultural land was given out to a small minority of white settlers. The white-owned farms provided a large percentage of Zimbabwe's foreign exchange and employed many thousands of people, mainly Ndebeles. Today, many of

2 *Ethnic identity, economic power, and conflict*

these farms are non-operational, a significant number of white Zimbabweans have fled the country, and the economy has utterly collapsed.

These are extreme examples of inter-ethnic hostility manifesting itself in state failure and conflict, but they are reflective of the potential outcomes in cases where ethnic identities are politicized and ethnic extremists can deploy the symbols that signify these identities for political gain. In this book I examine inter-ethnic conflict and cooperation in countries where one ethnic community demands political priority based on ethnic myths of indigeneness while another ethnic group controls the majority of the economic assets. This ethnic division of social roles is particularly common in many former colonies in Asia and Africa, although there are historical examples of the phenomenon in North America and Europe. These countries, which for lack of an established label I refer to as *ethnically counterbalanced*, present opportunities for political extremists to exploit both the economic gap between groups and, perhaps more importantly, nested fears of ethnic domination in order to achieve political objectives. As I will argue, these tensions can lead to serious risks of ethnic violence and, in extreme cases, state failure. Nevertheless, many counterbalanced countries manage inter-ethnic tensions very well, avoiding the problems described in Fiji and Zimbabwe. I ask why some counterbalanced countries have been able to minimize inter-ethnic conflict while others have been plagued by persistent violence and instability.

Ironically, strong cases can be made in both Fiji and Zimbabwe that the true source of political tensions lies not between politically dominant “indigenous”² communities and economically powerful minorities, but rather between political factions of the politically dominant majority community. Indeed, part of my argument is that a necessary (but not sufficient) condition for inter-ethnic conflict is the presence of sub-ethnic cleavages that reward ethnic extremism on the part of political leaders. Such extremism manifests itself in the form of ethnic outbidding. Outbidding occurs when more extreme opposition parties can make promises to their ethnic constituents (such as promising to expropriate wealth from economically powerful groups) that a more moderate government cannot make, because the opposition, unlike the government, is not in a position of having to compromise with other ethnic groups (Rabushka and Shepsle 1972; Milne 1981). Although outbidding strategies can lead to heightened ethnic animosities, it is only part of the equation. For outbidding to be successful, there must be fertile soil in which to plant the seeds of ethnic hatred. Individuals do not simply follow the exhortations of ethnic extremists without question.

Hence, a second source of conflict is the use of symbolic politics to motivate group action. In the counterbalanced states examined in this book the use of symbols that reinforce notions of ethnic hierarchy are critical to the maintenance of group cohesion. Fear of domination by an economically advanced ethnic community, coupled with some shared set of ascriptive

cultural markers, can drive groups to develop ethnic myths and histories that legitimate their political dominance based on their professed indigeneness, even when historical claims of indigeneness are tenuous (Horowitz 1985; Kaufman 2001; Petersen 2002). Politically powerful indigenous groups have little incentive to help create an atmosphere conducive to growth when they feel they are already at risk of economic domination. Control of political institutions provides indigenous majorities with the ability to check the increasing influence of economically dominant minorities and preserve their position in the state's political hierarchy (Horowitz 1985). This becomes even more important when economic groups begin to demand more political power (Tan 2001). This is similar to the dynamic analyzed by Bonacich (1973) and Weiner (1978) in their discussion of middleman ethnicities, except that in counterbalanced cases economically successful ethnic groups are rarely small or localized communities. Instead, they are large pluralities with formidable political and social organization (Milne 1981). Thus, we observe the zero-sum mentality discussed by many scholars (Horowitz 1985, 1991; Esman 1994; Kaufman 2001) where a gain for one group implies a loss for another. Limitations on the political rights of economically powerful minorities are justified by the need to catch up or to protect perceived group interests.

As I hope to demonstrate, ethnic conflict in counterbalanced states is not the result of "ancient hatreds" (Kaplan 1993; Chua 2003) or the incompatibility of cultures (Furnivall 1948; Smith 1965), but rather can result from a combination of specific institutional arrangements that maintains the image of traditional ethnic hierarchies while, at the same time, minimizing the utility of outbidding strategies by more extreme elements. To be sure, demographic factors play an important role in increasing the likelihood of conflict, but I will argue that for conflict to occur political institutions must create an environment that rewards extremism. Counterbalanced cases already possess important prerequisites for inter-ethnic tensions, including the presence of myths that justify the hegemony of a privileged ethnic community. Combined with intra-ethnic divisions that can greatly increase the political utility of ethnic appeals we observe a particular type of plural society that has its own conflict-producing qualities. Why, given these prerequisites, do inter-ethnic tensions only occasionally manifest themselves in conflict serious enough to threaten the stability of the state? The remainder of this chapter will examine the foundations that underlie the theory that will be presented later in this volume, including a definition of ethnic identity, an examination of prior research on ethnic conflict, and a definition of ethnic counterbalance.

Ethnic identity

The study of ethnic identity has typically revolved around theories that emphasize the enduring character of ethnic boundaries based on a shared

4 *Ethnic identity, economic power, and conflict*

sense of historical experience and those that focus on the ability of individuals to change their identity in response to new situations. These two broad classifications of identity, primordialism and constructivism, are themselves rather nebulous generalizations that fail to capture the nuances of specific theories of ethnicity. Nevertheless, the basic themes of this debate have informed the development of the study of ethnic identity so it is a logical place to begin.

Beginning at least with Shils (1957) some scholars of ethnicity have tended to focus on the persistent character of social ties based on identity. According to the general tenets of primordialism, individuals form bonds based on ascriptive characteristics that differentiate them from other social groups. These characteristics, be they linguistic, cultural, religious, racial, or derived from some shared sense of historical destiny, endure over time and group members accept their identity as “given” (Shils 1957; Geertz 1963). Primordialists do not so much argue that there is a biological imperative for groups to cling together (although some primordialist scholars, most notably Van De Berghe (1981), do make this claim) as much as there is a perceived sense of group membership based on shared cultural givens. As a result, ethnic identity is a permanent fixture not subject to modification over time or in light of social changes brought about by modernization. Arguments based on “ancient hatreds” (Kaplan 1993) that are reawakened to inform violent communal conflicts typically make primordialist assumptions about the nature of identity.

The constructivist approach argues that ethnic identity is a far more plastic concept than assumed by primordialists. Instead of being characterized by clear, permanent distinctions, constructivists view identity as a socially constructed phenomenon that is subject to change as previously disassociated cultures interact with new social situations. As such, constructivism encompasses a number of disparate theories of ethnicity, from rational choice perspectives that stress individual-level agency (Rabushka and Shepsle 1972; Hechter 1995), to theories that focus on the creation of “imagined communities” through the expansion of printed media (Anderson 1983), to postmodern arguments that focus on the manipulation of ethnic symbols for elite gain (Brass 1991; 1997). Most theorists have largely embraced the basic tenets of the constructivist school, noting that people tend to hold multiple identities and that notions of positioning oneself in a community is typically informed by some other set of causal mechanisms (Chandra 2001a).

As Hale (2004) notes, the debate between primordialists and constructivists has generally miscast the nuanced arguments presented by scholars on both sides. Primordialists do not so much assume that identity cannot be acquired as much as they suggest that once identities are acquired they become more or less permanent. Geertz (1963) argues that the ascriptive markers that define ethnicity are not engrained in a person’s DNA, but rather are assumed to form the basis of group membership because of

perceived similarity. Gil-White (1999) takes this argument further by suggesting that the critical factor in determining identity is the perception of who counts as a group member and who does not. Thus perception can act as a powerful check on the ability of individuals to change their identity. Identities, once formed, can crystallize and become more or less resistant to change. In many ways, this is not radically different from the arguments of many prominent constructivists who also tend to see identity as more or less static once it is formed (Gellner 1983; Anderson 1983). Gellner (1983), for instance, argues that the necessities of economic growth and modernization require that cultural and political units be contiguous. The move from agrarian societies, with their rigid stratifications that limit occupational mobility, to industrial societies, with their dependence on a literate and trainable workforce, compels the state to develop an educational system that is based on some shared sense of group membership. For Gellner, this cultural identification is largely unchangeable to the extent that political institutions crystallize cultural attributes in order to generate future economic growth.

Thus it is possible that the primordialist/constructivist debate has generally obscured a larger issue. Dividing the literature into two broad camps that stress the ease with which individuals are free to choose their identity, Hale notes that the key distinction in most theories of ethnicity revolves around the issue of how durable ethnic identities are once constructed. For Hale, the critical question is why individuals have identities in the first place. Scholars working in the field of social psychology have long noted the propensity of individuals to form groups based on very minimal notions of shared fate. Social identity theory, particularly experimental work by Tajfel and Turner (1978), suggests quite strongly that when individuals are even randomly assigned to groups they will quickly begin to demonstrate coordinated group behavior. Even more fascinating was the finding, replicated in numerous experimental settings, that group members would seek to discriminate against other groups when given the opportunity, even if the injuries inflicted come at the expense of considerable benefit for their own group.

Other scholars have suggested that the impetus driving group behavior has less to do with an inherent discriminatory urge and more to do with the need to reduce uncertainty (Hogg and Mullin 1999). According to this perspective, the social world presents individuals with scenarios of such complexity that they challenge their cognitive ability to make sense of new situations or events. Therefore, people categorize themselves and others in order to provide some degree of certainty in an uncertain social environment, typically based on a sense of shared social position. Building on this argument, Hale (2004) argues that ethnic identity can best be understood as a collection of personal reference points that individuals perceive themselves to have in common with other people, which carry information about their orientation to new social environments. Given that social situations

6 *Ethnic identity, economic power, and conflict*

are not static, identity is “situational and ever-changing.” Individuals have multiple dimensions of identity, the combination of which form, in Hale’s words, “a constellation” of reference points that serve as a sort of social radar. Particular points in the constellation may change in response to new social environments, but the general configuration of social reference points may appear the same. What instrumentalists refer to as identity change is not really a change at all, but rather a shift in emphasis from one reference point to another in order to reduce situational uncertainty. In other words, Hale’s perspective allows us to understand both constructivist and primordialist images of identity as part of the same general cloth. Since some of the reference points that constitute identity can become more salient as rules of thumb governing how people interact in society, it is not surprising that some facets of identity become thicker than others, although this does not mean that other elements of a person’s identity are completely subsumed. Hence, primordial assumptions about ethnic categorizations might simply be capturing the durability of specific ethnic markers that have come to be more relevant for making sense of the social world, rather than the inherently antagonistic properties that are attributed to ethnicity by primordialists.

Hale’s conception of ethnicity is particularly useful for this project since ethnic categorization is deceptively complex in counterbalanced states, conforming to neither primordial assumptions about the permanence of group bonds nor the constructivist view that identity can easily shift. As mentioned briefly, counterbalance occurs when one ethnic community makes claims to political dominance based on a shared myth of indigenesness, while another ethnic community has historically dominated the economy. In some respects then, ethnic categorization might assume a simple quality; ethnic identities emerge in response to the presence of economically aggressive migrant groups. Such a simplification masks complex social processes that lead to the emergence of myths of indigenesness, a point that will be elaborated on later in the project. Ngata (1981) notes that the Malay ethnic community was forged out of disparate social groups, largely in response to the economic threat posed by Chinese migrants. Similarly, to categorize Kazakhs in Kazakhstan as a unified ethnic community that claims political dominance based on a myth of indigenesness obscures deep sub-ethnic divisions that, in many respects, are more critical to political cleavages than the presence of a sizeable Russian-speaking minority. In other words, traditional primordialist assumptions that imply some ancient quality that underlies identity are simply false to the extent that many ethnic groups are very recent creations, and many are riven with deep sub-ethnic cleavages.

At the same time, ethnic elites have constructed enduring myths that present a fairly clear line of demarcation signaling who is indigenous, and therefore can claim political primacy, and who is not, a categorization that is reinforced by colonial legacies that emphasized group differences and by

the tendency of one group to dominate economic assets. Hence instrumental claims about the ease with which individuals can switch identities face a stern test in counterbalanced countries. It is more fruitful, following Hale's model, to conceive of ethnic categorization in counterbalanced states as a particular set of activated ethnic reference points. Such a perspective allows the observer to capture both the artificiality of group claims based on myths of indigenouness and the enduring political relevance of these constructed ethnic categorizations. An ethnic group may have its own internal divisions, but this does not change the fact that it is still perceived as a unified group when contrasted with a group that does not share its broad ascriptive characteristics.

Identity and conflict

Noting that people have identities, however, does not necessarily explain why ethnic groups sometimes clash, often in very violent ways. Over the course of the past 20 years, the decline of Cold War tensions has been matched by an increase in attention to internal conflicts, many of them motivated by ethnic belligerence. Violence in the former Soviet Union and the Balkans has received the most attention, but continuing conflicts in places as diverse as Sudan, India, and Colombia have also led to the perception of a global epidemic of ethnic violence. Of course most states in the modern world are multi-ethnic, yet surprisingly few of them experience communal conflict. Oddly, this fact has not prevented some scholars from lamenting the ubiquitous nature of ethnic war. A few primordialist accounts simply assume that violence results from long-standing grievances that become engrained in a culture's collective memory (e.g. Kaplan 1993). Similarly, theories of cultural pluralism (Furnivall 1948; Smith 1965) tend to stress that the distance between cultural groups is the main factor determining whether ethnic communities will conflict. These arguments, although seemingly commonsensical, lack any real explanatory power. They grossly overpredict inter-ethnic violence (Fearon and Laitin 1996; Kaufman 2001) by failing to include cases where enduring ethnic tensions have failed to cause communal violence. Fearon and Laitin (1996) argue quite forcefully that a useable theory of conflict must do more than simply explain ethnic conflict; it must explain inter-ethnic peace as well.

The vast majority of scholars reject arguments based on primordial assumptions, instead focusing on the exogenous factors that can influence inter-ethnic violence. These approaches include a number of epistemological perspectives and different assumptions about what motivates human behavior. Developing a typology of ethnic conflict theories is well beyond the scope of this project, but in terms of the upcoming argument it is prudent to provide a short examination of the most relevant approaches to the study of communal violence.

Modernization and economic competition

Scholars of ethnic conflict have long believed that the processes associated with modernization can have important effects on ethnic mobilization. Deutsch (1966) saw the process of “social mobilization,” consisting of the often traumatic economic and social changes we associate with modernization, as a potentially unifying or divisive event, depending on the general congruence of language, culture, and traditions shared amongst different social groups. According to this perspective, when social groups cannot or will not assimilate into the dominant national level culture social disintegration is a likely result.

Gellner (1983) makes a somewhat related argument. For Gellner, economic development requires the gradual disintegration of horizontal stratifications characteristic of agrarian societies. People need to be able to move, in a relatively costless manner, from one career path to another to match the fluidity of the modern economy. This is only possible to the extent that a coherent educational system provides a sort of blueprint for each individual in society. National identity, then, is a necessary construct of the modern economy, derived in large part from an educational system that creates a shared high culture. Conflict can occur when some groups are resistant to the process of assimilation, a quality Gellner refers to as “entropy resistance.”

In a recent work Wimmer (2002) builds on this argument by suggesting that the modern state must, almost by definition, engage in what he calls “nationalist exclusion.” Given the overall scarcity of economic resources and opportunity, and the state’s increasingly important role in providing these goods, a clear definition of who can claim to be a member of a nation and who is proscribed from making such claims becomes increasingly important. Hence there is a serious tension between the supposedly liberal notions that underlie our perception of modernity and the clearly illiberal impetus for national institutions to exclude those who cannot assimilate.

Given the fractiousness generated by economic modernization, it is not surprising that we might expect conflict to accompany any sort of significant social transformation. At the same time, Horowitz (1985) points out that many theories that stress the critical role of modernization fail in at least two important respects. First, most cases of recent serious ethnic violence have tended to occur in the developing world, often in places where the encroaching modern economy, while not wholly absent, has comparatively little impact. Second, Horowitz asks why non-elites, who are less likely to have a stake in a modern economy, would choose to participate in ethnic violence that offers them little benefit. Both criticisms can be addressed by a focus on alternative theoretical frameworks, specifically theories that stress ethnic entrepreneurialism.

A closely linked set of arguments stress the destabilizing properties of economic competition between ethnic communities. In terms of our focus

on ethnic counterbalance, perhaps the most important theories are those that focus on ethnic middlemen (Bonacich 1973; Weiner 1978; Landa 1994). The study of middleman minorities presents an interesting point of departure for research into counterbalanced cases. Typically, the middleman group fills important economic roles in trade and commerce in colonial and postcolonial societies, often coming to dominate local economies (see Landa 1994). Traditional examples of middleman communities include the Jews in Europe, the Chinese in Southeast Asia and the Lebanese in West Africa (Horowitz 1985), and various minority communities in Indian states (Weiner 1978). According to this perspective, middleman groups can exploit ethnic networks to produce goods at a much lower cost, thereby undercutting indigenous groups engaged in similar economic activity. The general unwillingness of middleman communities to assimilate into the broader culture, perhaps spurred on by a belief that they are only temporary sojourners, only serves to increase mistrust and envy from local ethnic groups.

At the same time, middleman theory has never provided a generalized explanation of inter-ethnic conflict or cooperation. The theories that do exist, such as Bonacich's (1973) theory of middleman minorities, tend to suggest only that conflicts are the result of an inevitable tension between immigrants who never fully assimilate into their new surroundings and a host society that is perpetually resentful of their success and unwillingness to adopt local customs and traditions. Such theories are not as useful when analyzing the many cases of relative inter-ethnic peace or cases where the economically dominant group is not simply a small trading minority, but rather a large plurality of the population that has set down roots into a larger society.

Ethnic entrepreneurialism

To suggest that elite machinations underlie ethnic conflict is to accept instrumentalist assumptions about the utility of ethnic appeals. That said, theories based on elite manipulation encompass a broad range of epistemological perspectives, ranging from rational-choice-based models of utility maximization (Rabushka and Shepsle 1972; Landa 1994) to postmodernist accounts that emphasize the subjectivity of ethnic characteristics (Brass 1997). The key to these theories is their common belief that elites can use ethnic symbols and appeals to garner political or economic support.

Esman argues that "ethnic entrepreneurs" may highlight real or imagined threats to an ethnic community's status or well-being as part of a larger strategy aimed at securing short-term political gains (1987; 1994: 29–30). Milne extends this argument by focusing on the phenomena of outbidding. Building on the work of Rabushka and Shepsle (1972), Milne defines outbidding as the "act of making offers or promises to an ethnic group by an opposition party which is able to offer more than the government because,

unlike the government, it is not under the obligation to reach compromises with other ethnic groups” (1981: 185). Typically, the utility of outbidding is limited to pluralist or democratic systems since some sort of social choice mechanism is assumed to exist for the strategy to be successful. Similar strategies can be employed in autocratic regimes, however, through the creation of social movements or the existence of political leaders advocating extremist positions that the government cannot easily accommodate without increasing inter-ethnic hostility. This does not wholly dilute the main points put forth by Rabushka and Sheplse and Milne. Essentially, moderate political elites are overshadowed by more extreme actors who play on communal tensions and anxieties. Unfortunately, as at least one scholar of conflict has noted (Petersen 2002), these theories assume that non-elites are the willing dupes of ethnic leaders who can manipulate them with a simple appeal to ethnic symbols. Further, few ethnic entrepreneurial theories ever specify why ethnicity has such a powerful attraction. Why do elites not appeal to class, gender, or any other sort of categorization? Ironically, many theories based on elite manipulation simply assume that there is something different about ethnic identity that bestows a special sort of power. As Chandra (2001b) and Hale (2004) suggest, this assumption does not conform to the supposedly instrumental foundations upon which elite manipulation is based. The assumption of some subjective standard of group categorization must be explained for elite manipulation to be logically consistent. Otherwise, it seems that such theories are based on primordial assumptions regarding the social relevance of ethnic groups since they simply assume that groups exist a priori, and that these cultural bonds represent some intrinsically superior form of social categorization.

This is not to suggest that ethnic manipulation does not occur. The evidence argues quite heavily in favor of the critical role played by entrepreneurial politics (e.g. Esman 1994; Brass 1997; Bhavani and Backer 2000; Kaufman 2001). Indeed, an important part of my theory, elaborated in Chapter 3, suggests that elite entrepreneurialism is an important factor in explaining many ethnic conflicts, particularly in terms of outbidding behavior. Rather, following the caveat of Fearon and Laitin (1996), theories that stress the importance of ethnic manipulation need to account for the reasons why manipulation often fails. A number of scholars address this issue by examining the psychological underpinnings of intergroup resentment. Horowitz (1985), for example, is particularly interested in the role of status and dignity as a factor that can affect the utility of ethnic appeals. Entrepreneurial politics does not need to stress the material benefits that members can acquire in order to be successful (Hechter 1994). In fact, as Varshney (2003) points out, this focus on purely instrumental rationality should lead us to expect less ethnic mobilization since the costs of participation will most likely vastly outweigh any potential benefits. Instead, a person's ability to compare his position in society to a person in another social group can provide an incentive for mobilization based on a sense of

group status. Such value-rational decisions, as opposed to pure instrumental rationality, may allow the researcher to more easily understand why ethnic minorities with little to gain from confrontational politics will sometimes choose to mobilize for greater rights or status.

Building on work in social psychology, Petersen (2002) takes the argument in a different direction. For Petersen, the critical factor that has been ignored by most political scientists is emotion. According to this perspective, any meaningful theory of ethnic violence must explain why regular people can willingly commit acts of gruesome cruelty. It is not sufficient to simply argue that individuals will follow the commands of ethnic elites without question. It is necessary to develop a theory that addresses underlying motivations to commit violence. Petersen argues that emotion can act as a powerful force, changing an individual's motivation by adjusting his priorities, usually in response to some sort of macro-structural change that produces important situational effects. These changes (war, occupation, economic modernization) lead to new social environments that can trigger changes in a person's beliefs about his or her place in the new social order. Emotions emerge in response to this evaluation of the social environment, motivating changes in a person's priorities. Thus ethnic violence can be motivated by any number of emotional responses, including fear of ethnic domination, hatred of another group based on past grievance, or resentment at differences in group status. Consistent with this viewpoint, I will argue that ethnic mobilization in counterbalanced states occurs in large part because communities with long-standing claims to political dominance based on a belief in indigenouness have deep fears of ethnic domination by minority groups.

Institutional incentives and conflict

Another possible answer to the question of why ethnic entrepreneurialism is sometimes successful considers the ways in which formal and informal social institutions can hinder or help ethnic mobilization. Posen's (1993) theory of security spirals argues that emergent anarchy accompanying a state's collapse can generate incentives for groups to organize for self-defense. Given a lack of communication and trust between groups, such a scenario can lead to violence, since groups may have an incentive to strike preemptively. One group may legitimately believe that it is mobilizing only for defensive purposes. Unfortunately, other groups cannot accept this claim as being credible. Hence, according to this logic, it is hardly surprising that conflict emerges as states begin to collapse. As Kaufman (2001) points out, however, this type of argument fails in an important respect. In virtually every observable case (e.g. the Balkans, the former USSR), state collapse was preceded by ethnic mobilization, not vice versa. Hence the logic of security dilemmas appears to be backwards.

Rather than examining the breakdown of formal institutions of the state, Fearon and Laitin (1996) look at the ways that informal social institutions can minimize or enhance the likelihood of ethnic violence. To do this, they employ a social matching game that examines situations of individual-level transactions between members of different groups. If a party to a transaction reneges on an agreement or violates some shared understanding there are two possible outcomes. Initially, each group can hold all members of the other group responsible and arbitrarily sanction its members. Under such a system of equilibrium, it is likely that relations between groups will break down. Fearon and Laitin refer to this outcome as a “spiral regime” (1996: 720–2). This system possesses unattractive features in that it allows the actions of one actor to undermine potentially beneficial transactions between groups. Moreover, the potential for widespread violence increases dramatically in a system where inter-ethnic dispute settlement is based on reprisals between members of competing groups.

A system that would allow groups to ignore individual-level violations and maintain intergroup cooperation would produce outcomes beneficial to many segments of society. Under such equilibrium, groups can continue to cooperate with other groups by correctly assuming that guilty parties will be punished by members of their own ethnicity. Fearon and Laitin refer to this as an “in-group policing” regime. The key to this arrangement is that groups must take responsibility for monitoring and sanctioning their own members. The benefits of this equilibrium are numerous. It takes advantage of superior information possessed by dense social networks and the norms and procedures of each group. Within groups, individuals with a history of violating agreements can be quickly identified and sanctioned. In contrast, identification of individuals is more difficult across groups as the costs associated with acquiring information on potential trading partners increases.³

The in-group policing model appears to be a powerful method for explaining cooperation. The approach focuses on decentralized, non-state mechanisms that prevent the problems associated with opportunism by individuals in intergroup transactions. While this approach has many virtues, it purposely excludes an analysis of the incentives generated by key formal institutions. Moreover, the authors suggest that while in-group policing is able to curb inter-ethnic violence, it is also possible that the dense social networks that make the model function could be used by political entrepreneurs to organize violence against other groups.⁴ Fearon and Laitin suggest that future research may profit from a closer look at the ways in which state institutions can hinder or promote intergroup conflict (1996: 731). In many cases (Fearon and Laitin use the race riots in Los Angeles following the Rodney King verdict) the state serves as an actor that intervenes when conflict reaches a certain level. In the cases analyzed in this research, one group controls the state and has wide leverage in using this monopoly to create rules that affect the probabilities of future conflict. Hence an analysis of formal institutions like the rules governing electoral

policy and economic redistribution may prove fruitful in explaining why politically dominant groups choose to engage in violent or non-violent methods of conflict resolution.

A possible synthesis?

The general conclusion to be wrought from the preceding discussion is that ethnic violence is a complex social phenomenon, informed by multiple explanatory variables. Violence rarely emerges without some sort of exogenous shock or change. At the same time, contrary to early modernization theories, social transformation is not sufficient to motivate ethnic violence. Similarly, any good theory based on elite manipulation and institutional incentives must address the requirements that need to be met in order to compel groups to engage in communal violence. The average person, after all, is unlikely to engage in violence against another person simply because an ethnic entrepreneur tells him to do so. A number of recent works have incorporated differing theoretical perspectives, suggesting that social change only presents an opportunity for mobilization and ethnic chauvinism. Kaufman, for example, argues that ethnic violence will only occur if certain social prerequisites are realized, including hostile ethnic myths, ethnic fears and a political opportunity structure that enables ethnic mobilization. If these prerequisites are present, conflict can result through a combination of rising mass hostility, inter-ethnic chauvinism, and security dilemmas (2001: 30–2).

Varshney (2002) posits that ethnic violence, far from being the result of macro-level institutional dynamics, is more likely to result from of a lack of inter-ethnic civic associations. Building on arguments that stress the important role of social capital in the maintenance of group cooperation, Varshney argues that different levels of ethnic violence in India can be accounted for by the presence or absence of civic groups that include members of both Hindu and Muslim communities. Where such organizations exist, individuals of different groups are far less likely to engage in inter-ethnic hostilities.

Both of these works represent a synthesis of individual-level factors and macro-level structural dynamics that govern conflict. Critically, Kaufman's argument stresses the important role played by ethnic myths. Building on the work of Murray Edelman (1985), Kaufman defines ethnic myths as beliefs held in common by a large group of people that give action and events a particular meaning. Thus real historical events can be said to be myths to the extent that they generate a particular effect on the practices and worldview of individuals. Also, myths can be largely false or gross exaggerations of historical events. Kaufman notes that the veracity of the myth is irrelevant. What is relevant is the political effect of the myth on the ways that group members perceive the world. Hence, myths have the ability to charge particular events, giving credence to extremist claims about ethnic

politics and therefore increasing the likelihood that individual members of an ethnic group will support extremist elements.

Building on this theme, I argue that the critical ethnic myth in counter-balanced states revolves around the issue of indigenouness. Based on both a shared sense of cultural affiliation and colonial-era legacies that provided a degree of political dominance, ethnic groups forged myths that stressed their status as the original inhabitants of the region, bestowing upon them privileged position. These ethnic myths provide the basis for group expectations about which group “owns” the country. In the immediate post-independence period elites from these professedly indigenous groups often used such myths to perpetuate ethnic domination. Typically, this process took the form of tacit inter-ethnic bargains. These bargains represented attempts to integrate myths of indigenouness into the national culture by stipulating that as long as economic groups respected the special position of indigenous communities they would be free to pursue their economic goals without undue harassment or repression. Again, I will not testify to the accuracy of such myths. Any claim of indigenouness is fraught with controversy and it is not my intention to speak to the veracity of such claims. Rather, I use the term to signify the potency of such myths as a tool of ethnic mobilization. Regardless of whether the claims of indigenouness are empirically true or not, the overwhelming majority of group members (both economic and political) *believe* them to be true, which is sufficient to give myths their power.

In Chapter 3 I lay out a theory of conflict based on the manipulation of such myths and the ways that political institutions limit the degree to which extremists can deploy them for political gain. Consistent with most theories based on economic rivalry, I argue that differences in intergroup well-being can generate a sizeable amount of ethnic resentment. Such resentment is particularly dangerous in counterbalanced countries because the economically weaker groups tend to dominate political institutions as well. At the same time, traditional modernization/economic rivalry arguments do not tell the whole story since the majority of cases where economic strength is disproportionately distributed do not experience high rates of ethnic conflict. In other words, resentment may be a necessary, but clearly insufficient condition to account for the sorts of violence and instability historically observed in Fiji, Zimbabwe, and Uganda. Something else must be happening that compels groups to act out ethnic hostilities. I suggest that the answer may lie at the nexus of ethnic entrepreneurialism and institutional incentive. Consistent with theories based on elite manipulation, I suggest that appeals to ethnic symbols can give an advantage to outbidding strategies. This is not to say that ethnic conflict cannot happen outside the purview of elite machinations,⁵ but rather that wide-scale mobilization usually requires some sort of sanction from a person or group capable of framing a galvanizing event in such a way as to influence members of an ethnic community.

The utility of ethnic manipulation, operationalized in this project as ethnic outbidding, is contingent on both the structural conditions we observe in a given society and the incentives generated by key formal institutions. Many ethnic leaders outbid, but only a handful can do it successfully. In Chapters 2 and 3 I will present a theory that explains ethnic cooperation and conflict in counterbalanced countries as a function of both the latent social dissatisfaction necessary to influence individuals to ethnically mobilize, and the institutional incentives that are sufficient to allow ethnic extremists to exploit such mobilization. Outbidding finds fertile ground when group members share a sense of anger or indignity brought about by differences in group status. In particular, indigenous majorities are likely to see the control of political institutions as an absolutely essential tool in maintaining both a sense of group dignity and ethnic survival. When such political dominance is perceived to be put at risk, or fails to adequately address economic inferiority, conflict will result.

Counterbalance and ethnic conflict

Thus far, the definition of counterbalance has been necessarily vague beyond the claim that there is an ethnic differentiation of political and ethnic dominance. Middleman theories of conflict are based on a similar division of social roles, but I argue that counterbalance is more than simply a case of middleman theory writ large. What factors differentiate counterbalance from the middleman communities described by Bonacich? For the purposes of this research project, I define counterbalance according to the following standards.

Characteristics of the “economic group”: Economic groups cannot simply be sojourners or temporary residents of a country. Instead these groups must be comprised of individuals with long-standing claims of residence. Either by virtue of sheer numbers in the population or by virtue of their dominance of the economy, these groups cannot be dismissible in terms of their political relevance. They do not need to constitute a large plurality. The Chinese in Indonesia, for example, never exceeded more than 5 percent of the total population of the country, yet they still controlled an overwhelming majority of wealth in terms of stock-market capitalization and, perhaps more importantly, in terms of what the average Javanese or Sundanese person believed. Most importantly, economically dominant groups must be organized along political lines. Otherwise they are little more than middleman communities which simply see their country of residence as either a temporary home or as a source of revenue.

Characteristics of the “political group”: The chief characteristic that defines political groups is their shared ethnic myth of indigenouness.

As discussed previously, these myths underlie claims of political dominance. Essentially, they stipulate an unspecified higher level of social belonging that a non-indigenous person can ever hope to achieve. It is common to hear of ethnically plural societies based on ethnic bargains that stipulate the social roles of different groups. In Chapter 2 I will argue that these bargains are not really agreements between ethnic communities at all. Rather, they are best viewed as efforts by indigenous elites to legitimize ethnic domination.

Economic disparity: The final requirement is that there be a real economic division between the ethnic communities and that most members of society are aware of this division. In other words, measurable variables such as stock market capitalization, average incomes, and positions in management and the professions should tend to favor the non-indigenous ethnic community.

Counterbalance, then, occurs when economically dominant groups are politically organized and have given up any sort of political attachment to their ancestral homeland. Indeed, it may be that the economically dominant community knows no other homeland, as is the case with whites in South Africa. At the same time, the persistence of myths of indigeneness prevents these communities from achieving the same degree of social membership that accompanies indigenous status. In the next chapter, I will elaborate on myths of indigeneness, given their centrality to this project. For the present, it is probably sufficient to say that economic groups have clear stakes in the political future of their respective countries and have incentives to organize politically to realize these interests. Conflict results when these interests clash with the privileged status of professedly indigenous ethnic communities.

Why focus on these cases of counterbalance? I argue that three benefits can be derived from focusing on a subset of ethnically plural cases that share this basic feature. First, we might expect to see conflict in counterbalanced cases precisely because of the split of economic and political power. Such cases are prime candidates for ethnic outbidding strategies (Rabushka and Shepsle 1972) and each group possesses an important resource that the other lacks. At the same time, the historical record suggests that while these cases are rife with inter-ethnic tensions, widespread violence has only occurred in some cases. By analyzing this important subset of plural societies we have an excellent sample that shares many key features yet has substantial variance in terms of historical legacies of inter-ethnic conflict and state failures.

Second, these cases are worthy of examination by virtue of their prominence in the international community. Many former colonies in Africa and the Pacific region face ethnic tensions that derive, at least in part, from the division of economic and political power between groups. In some cases,

such as Uganda and Zimbabwe, this division ended (or seems to be ending) with the persecution and expulsion of an entire group. Such cases are often accompanied by state failure and economic collapse. In others, such as South Africa, the international community waits to see how this differentiation will affect efforts to build a new and truly democratic state. With the collapse of the Soviet Union, many newly independent states are ethnically counterbalanced. Ethnic Russians still form the backbone of the urban economies of many former Soviet republics in Central Asia (Batalden and Batalden 1997). Will these large minorities be afforded the rights necessary to carry on productive and secure lives in the context of a newly independent state attempting to develop its own sense of nationhood? Or will they fall victim to extremist notions of citizenship based on exclusive conceptions of ethnic identity? Table 1.1 presents an overview of prominent cases of ethnic counterbalance, along with the respective groups that dominate (or dominated) the political and economic systems.

Third, the increase of international migration coupled with the needs of many local economies to rely on migrant labor means that new cases of ethnic counterbalance are likely to persist into the future. This is already visible in the United States. Animosity between middleman groups like Koreans and blacks in south-central Los Angeles reflects the increasing relevance of such issues in advanced industrial democracies. Similarly, demographic change at the local level has created counterbalance in cities like Baltimore, Washington DC, and Atlanta. In such cases, African Americans dominate local politics while whites dominate local economies. Policy responses in areas as diverse as education, fiscal policy, economic development,

Table 1.1 Counterbalance in the modern world

<i>Country</i>	<i>Politically dominant group</i>	<i>Economically dominant group</i>
Indonesia	Mainly Javanese	Chinese-Indonesians
Fiji	Fijians	Indo-Fijians
Malaysia	Malays	Chinese-Malaysians
South Africa (post-apartheid)	Black South Africans	White South Africans
Kenya	Kikuyu	Indians
Kazakhstan	Kazakhs	Russians
Kyrgyzstan	Kyrgyz	Russians
Zimbabwe	Shona	White Zimbabweans
Sri Lanka (historical)	Sinhalese	Tamils
Uganda (pre-1971)	Baganda (traditionally)	Indians
Bahamas	Black Bahamians	White Bahamians
Ottoman Empire/Turkey (historical)	Turks	Armenians
Myanmar	Burmans	Chinese
Quebec (historical)	French speakers	English speakers
Guyana	Creoles	East Indians

and public transport are all related to the potential ethnic tensions produced by the ethnic differentiation of economic and political power.

Conclusion

Ethnic counterbalance is a particular type of ethnic pluralism common in many postcolonial states. The division of economic and political strength between different groups and historical legacies that establish ethnic myths reinforcing these divisions creates a political environment that is particularly prone to ethnic extremism. Professedly indigenous groups are fearful of domination and jealous of the political primacy that affords them the ability to protect their ethnic symbols and rectify perceived economic injustices. At the same time, economically dominant ethnic groups are not mere temporary residents interested only in petty trade or commerce. Rather, they are citizens with deeply entrenched economic interests and, as such, have clear stakes in the political process. These competing tensions put severe stress on the ethnic bargains that are forged to insulate indigenous communities from ethno-political competition, since any political mobilization by economically dominant groups can be interpreted as an attempt to encroach upon the political sphere.

In Chapter 2 I will elaborate on ethnic myths of indigeneness and the ways that these myths are transformed into tacit ethnic bargains. At root, these myths establish a level of political belonging that exceeds traditional notions of citizenship. Whether we use the label *indigenous*, *bumiputera*, or *taukei* to describe this higher level of political belonging, the message is essentially the same: I am a member of a privileged community that you, as an ethnic outsider, are unable to achieve. The norms that underlie these ethnic bargains are inconsistent with the procedural rules that constitute democracy. As such, we are likely to observe conflict when political institutions cannot enforce ethnic bargains.

Chapter 3 will develop a theory that explains why some counterbalanced cases experience conflict while others are able to manage inter-ethnic tensions. I will argue that peace has been best maintained in those cases where moderates of the indigenous community are insulated from both outbidding pressures from members of their own ethnic community and political competition from parties affiliated with the economically dominant group. I suggest that this is best achieved through a combination of electoral rules that increase the political strength of indigenous communities and redistributive programs that minimize the economic gap between ethnic groups.

Chapters 4, 5, and 6 will present case studies of three counterbalanced countries. Chapter 4 will examine the Pacific island nation of Fiji, a country that has experienced persistent ethnic conflict since independence in 1970. Competition between the indigenous Fijian community and the economically dominant Indian community has manifested itself in three coups since

1987 and a constitutional crisis in 1977 that required the intervention of the Governor-General.

Chapter 5 will analyze the experience of Malaysia, a country beset with ethnic tensions between the Malay community and the economically powerful Chinese. Despite these tensions Malaysia is generally regarded as a success story in terms of managing inter-ethnic conflict. Although I do not share the overly optimistic view of Malaysia's ethnic relations presented by many social scientists, I will agree that, heretofore, the Malaysian system of conflict management has proven capable of avoiding the pitfalls that have plagued other counterbalanced states like Fiji, Indonesia, and Zimbabwe.

Chapter 6 will examine emergent counterbalance in South Africa. Following the collapse of the apartheid state in 1994, South Africa has been politically dominated by the predominantly black ANC, both at the national level and in the majority of provincial governments. At the same time the minority white population continues to control the vast majority of economic assets. In the years since the creation of the new South Africa, moderates have tended to dominate political institutions, yet there is concern that economic disparities between blacks and whites will manifest themselves in future conflict. Despite growing tensions between more market-friendly technocrats such as Thabo Mbeki on the one hand, and politically influential groups, such as the Congress of South African Trade Unions (COSATU), bent on more radical redistributive policies on the other, there is at present little threat that South Africa will go the way of Zimbabwe. As Chapter 6 makes clear, however, such future success is contingent upon the ability of Black Economic Empowerment (BEE) programs to rectify the economic weakness of the black community.

To briefly summarize my rationale for case selection, I chose these three cases because they share critical similarities in terms of colonial history, ethnic heterogeneity resulting from waves of migration, common references to ethnic hierarchies based on indigeness, and a propensity to use electoral institutions as a means of mitigating communal tensions. Despite these similarities, however, each case experiences different levels of ethnic conflict. Fiji is clearly a case that has "failed" as evidenced by the coups of 1987 and the civilian putsch of 2000. Further, as this book goes to press in 2007, Fiji is once again experiencing a constitutional crisis, related in no small part to deep cleavages within the Fijian community pertaining to issues of national reconciliation, ethnic identity, and the political status of the indigenous population. Tensions between the government of Prime Minister Laisenia Qarase and Commodore Frank Bainimarama emerged in 2006 as a consequence of controversial legislative bills that would have allowed the sitting government to absolve individuals implicated in the unrest of 2000. On December 6, 2006 Bainimarama declared his control over the government, subsequently appointing Ratu Josefa Iloilo to the presidency. Iloilo's first act was to make Bainimarama acting prime minister,

thereby placing a semi-constitutional veneer on an otherwise illegal usurpation of a sitting government.

Malaysia, in contrast, has avoided the pitfalls that beset Fiji despite relatively similar demographic characteristics and the presence of a strongly exclusivist national identity. In this regard, these two countries represent “critical cases” (King, Keohane, and Verba, 1994) that can be used to test a generalized theory. More importantly, by virtue of the cases’ broad similarities, it is possible to more strongly control for potential alternative explanations.

Clearly, it is difficult for social scientists to fully avoid the potential dangers of cross-country qualitative comparisons. Typically these dangers fall into two broad camps. First, there is the danger of “conceptual stretching” when researchers fail to maintain consistent standards of measurement and evaluation when employing key theoretical concepts. By selecting cases that share important characteristics it is possible to reduce this threat and more consistently test the theory. Second, there is always the danger that researchers will choose cases that effectively support their hypotheses. This charge is typically levied against qualitative studies that use a limited number of individual case studies. It is assumed that broader quantitative tests eliminate this problem by including a larger number of cases, thereby more closely approximating the true population parameters of a particular phenomenon. In terms of my research design, I have elected to include South Africa to mitigate this problem. By including South Africa, I examine a counterbalanced case that is relatively “new,”⁶ and therefore less likely to automatically confirm my expected findings. South Africa is, in effect, the dog that has not yet barked. While my research suggests that South African policies might lead to violence in the long term, there has yet to be any indication that ethnic conflict is imminent. While this does not disconfirm my finding, particularly to the extent that I hypothesize that violence is predicated upon a direct threat to indigenous privilege, it does reduce the likelihood that the research design is imperiled by case selection that predetermines a successful confirmation of the hypothesis.

In Chapter 7 I will conclude that inter-ethnic competition in counterbalance does not need to result in conflict, as at least one observer (Chua 2003) has suggested. Conflict is rarely in any group’s interests, and political and economic institutions can help in the effort to minimize risks to political stability. At the same time, I am not sanguine about the prospects of democracy in counterbalanced states. Given the imperatives of ethnic myths of indigeness, the potential of a transfer of political power to political parties affiliated with the economic group is virtually assured of generating conflict. Attempts to engineer democracy, while viable in many plural societies, are simply not tenable in cases where one ethnic community equates a lack of political power with cultural extinction. Thus conflict management necessarily limits the imposition of truly competitive democratic institutions.

2 Ethnic mythologies and formal institutions

All Animals are equal, but some Animals are more equal than others.

George Orwell, *Animal Farm*

During the course of my fieldwork, I spoke to a young Malay woman about the contentious issue of college admissions. The placement of students into colleges and universities had just been announced and, as has been the case in Malaysia for many years, a large number of Chinese students with exemplary marks had been passed over, or at best been given courses of study inconsistent with their interests.¹ The young woman seemed amused when I asked her if she thought this was fair. Why, I asked, should a Malay student with mediocre marks receive her first preference for studies while a highly qualified Chinese student is passed over? She simply looked at me as though I was crazy and said “Because we are *bumiputera*.” It was not an issue open to debate. This story succinctly illustrates an important concept of this book: the persistence of ethnic myths that justify one group’s social dominance. For the young woman, her status as a *bumiputera* (literally “son of the soil” or indigenous) gave her a social position in Malaysian society that an Indian or Chinese citizen could never achieve, despite constitutional guarantees making all Malaysian citizens equal before the law.

A central theme in this book is the inconsistency between the formal rules that underlie procedural democracy and the persistence of ethnic mythologies that privilege one group over another. In Chapter 1 I referred to the development of ethnic myths of indigeneness that create expectations among members of certain communities that their group will hold sway in the political sphere. Such myths are rarely informed by a fair assessment of the historical record; indeed many professedly indigenous groups are little more than recent creations, cobbled together out of disparate tribal or linguistic groupings in some vague effort to establish some sort of viable social community. The veracity of myths is irrelevant, however. What counts is their ability to mobilize ethnic communities and generate some sense of shared political destiny.

Ethnic conflict in counterbalanced states is the result of three critical

ingredients: fear of domination, institutional incentives that encourage extremism, and myths that privilege one group over another. In this chapter I will lay out the ways in which these three factors promote conflict. Critically, the chapter will examine how ethnic myths of indigenouness inform group expectations, particularly as they pertain to social hierarchy, and the countervailing pressures such myths place on formal political institutions. As such, this chapter will provide a review of the literature on ethnic myths and institutional creation, as well as introduce a theory that explains the inconsistency between formal and informal social institutions in counterbalanced cases. As I hope to demonstrate, counterbalanced states, like the majority of plural societies in the postcolonial world, face considerable international pressure to develop inclusive political systems based on democratic practices. At the same time, the difficulties of postcolonial nation-building are compounded by the intransigence of many elite groups to grant equal social status to members of non-privileged ethnic communities. Counterbalance, almost by definition, creates a political environment based on inequalities between groups. Such inequalities are rarely enforced through formal political institutions. Indeed, the constitutions and public policies we observe in counterbalanced states almost always make reference to the sanctity of equality before the law for every citizen. The formal statutes that define citizenship, however, are merely one facet of social belonging in counterbalanced countries. It is in the informal norms that underlie the myths of indigenouness where we can see the foundations of group privilege.

With several notable exceptions (Fearon and Laitin 1996; Brass 1997; Kaufman 2001), political scientists have tended to ignore the role of informal ethnic norms when studying conflict. Rather, the onus has been placed on formal institutions such as electoral systems, rules governing the delimitation of electoral districts, and the formation of multi-ethnic coalitions. In this section, I argue that such a focus is not so much misplaced as it is incomplete. Informal social institutions such as ethnic myths justifying one group's dominance are also important. As Horowitz (2002: 26) notes when explaining the failure of electoral engineering as a means of conflict management:

Why is it so easy to point out how few, if any, states have adopted completely one prescription or another? Because adoptions are likely to be partial at best. The processes of constitution-making are uncongenial to the creation of a set of institutions that derive from any single theory. Beyond that, there are systematic biases of constitutional actors that favour and disfavour particular approaches. And there are variations in the positions and interests of ethnic groups participating in and affected by constitutional processes. For all of these reasons, the result is far more likely to be the adoption of a mix containing elements drawn from several approaches than of a document embodying a consistent perspective and method.

I argue that the “partial” adoption of electoral formulae has less to do with logistic or practical concerns, but rather stems from the inconsistencies between procedurally fair electoral practices and the need to maintain ethnic hierarchies in counterbalanced states. These ethnic hierarchies are informed by ethnic myths that stipulate that one group is indigenous, and therefore deserving of special treatment, and other groups are sojourners who may reside in a country and even claim citizenship only to the extent that they respect the established ethnic hierarchy. When formal institutions like electoral systems cannot enforce the ethnic myths of indigenous people, which are in themselves a type of social institution, conflict can result.

The “third wave” and political institutions in plural societies

The so-called “third wave” of democratization that swept over the globe in the 1980s and early 1990s ushered in a cycle of political liberalization that continues to have important impacts. Countries with authoritarian reputations face strong domestic and international pressures to implement democratic institutions. Scholars of ethnic conflict, however, are keenly aware of the potentially negative effects of democracy in severely divided societies. The key problem associated with democracy in deeply divided societies is the propensity for issues to be reduced to their ethnic consequences. Numerous scholars have noted that ethnic cleavages tend to be very “sticky,” thus reducing the potential for citizens to identify with other types of social cleavage (Cohen 1997). Horowitz (1985; 1991) notes this tendency in the formation of ethnic parties in deeply divided societies. Even in cases where party systems initially developed without any ostensible ethnic affiliations, such as Guyana, citizens quickly began to identify with certain parties based on how they were perceived to support one ethnic group over another. The resurgence of primordialist explanations of conflict in the popular media during the 1990s is reflective of the difficult intellectual terrain one finds at the intersection of ethnic identities and formal political institutions.

North (1990: 3) defines institutions as “the humanly devised constraints that shape human interaction.” These constraints consist of both formal and informal arrangements that individuals develop through repeated interactions. Institutions, through processes of enforcement or incentive, promote general patterns of behavior in populations subject to these arrangements. In later sections of the book I will argue that variance in the degree of stability in counterbalanced cases can be explained in part by the incentives generated by political and economic institutions. Broadly conceived, this argument is not wholly new. Institutional incentives have been used by scholars to explain diverse phenomena such as the persistence of minority governments in parliamentary systems (Strom 1990), the failure of development programs in many parts of the world (Ostrom *et al.* 1993), and the collapse of agriculture in sub-Saharan Africa (Bates 1981).

While institutions are clearly important, a troubling issue for many researchers has been finding an appropriate way to operationalize them when studying social phenomena. In an important work, Crawford and Ostrom (1995) develop an effective means of categorizing institutional structures according to their attributes. Specifically, the distinction between norms and rules are of importance. Norms, as defined by Crawford and Ostrom, are social institutions that do not stipulate that a formal sanction be enacted when they are violated. This is not to say that people do not face sanctions when they break norms, but rather that the type of sanction is not specified. Rules, in contrast, carry with them clearly defined punishments and rewards depending on whether they are broken or obeyed. It is the nebulousness of norms and the clarity of rules that lead to serious institutional uncertainty in counterbalanced cases. Ethnic myths of indigeneness constitute a norm to the extent that they clearly establish an expected set of social and political hierarchies. At the same time, the pressures to adopt democratic institutions compel governments to adopt formal political institutions that are not always consistent with the expectations put forth by ethnic mythologies. In order to elaborate on this point, it is important to consider the role played by electoral systems in managing conflict, given the fairly extensive literature that views electoral engineering as a virtual panacea for internal conflict.

Constitutional level choices: electoral systems and conflict management

Decisions about electoral design bear enormous influence on the likelihood of future violence. Beyond this statement, however, there exists considerable debate about exactly *how* electoral systems can minimize or enhance the potential for conflict. Much of this debate springs from the fairly large number of issues surrounding electoral systems, their design and implementation, and the multiple ancillary features related to electoral system choice (e.g. presidentialism vs. parliamentarism, federalism vs. unitary government, unicameralism vs. bicameralism, etc.).

Electoral systems can be defined as the “set of laws and party rules that regulate electoral competition between and within parties” (Cox 1997: 38). Lijphart (1994) breaks electoral systems down into three component parts: electoral formulas, district magnitudes, and electoral thresholds. Electoral formulas are the rules that govern how citizens vote, and how counted votes are translated into legislative seats. The United Kingdom, for example, employs a majoritarian electoral formula based on single-member legislative districts where the candidate with the most votes wins. Israel, on the other hand, employs a proportional electoral design with a single multi-member district where seats are allocated based on a highest-averages formula. District magnitude is the number of representatives an electoral district can elect. In the United States, the district magnitude for the House of Representatives is one representative for each congressional district. The

magnitude for Senate, however, is two representatives per electoral district (in this case the electoral district is an entire state). Finally, electoral thresholds are the minimum number of votes a candidate or party list must receive in order to be represented. In Germany, for example, there is a 5 percent threshold that parties must surpass in order to be allocated seats in the legislature.

The core of the debate surrounding electoral design and conflict has revolved around the conflict managing properties of electoral formulas based on majoritarianism and those based on proportionality. Majoritarian systems are typically defined as those using single-member districts based on plurality, thereby creating an upward bound on the number of effective political parties (Lijphart 1994; 1994; Cox 1997). In addition, majoritarian systems often have strong executives with significant authority over the legislature. Proportional electoral formulas are typified by multi-member electoral districts based on rules that benefit smaller parties, thereby increasing the incentives for multiple political parties to emerge (Duverger 1954; Cox 1997).

A general consensus has emerged that views proportionality as the superior option, given its ability to represent a wider array of social groups (Lijphart 1994; Cohen 1997). According to this argument, majoritarian institutions create a zero-sum political atmosphere since they tend to consist of single-member plurality districts that produce highly disproportional election results. Where ethnic cleavages are preeminent in comparison to other social divisions, majoritarian electoral rules reinforce feelings of ethnic domination, since minority groups may be permanently excluded from political power. Moreover, the concentration of political power in the hands of a single party can further exacerbate mistrust between ethnic communities, since excluded ethnic groups and parties can paint issues exclusively in terms of their ethnic consequences. This critique is especially leveled against majoritarian systems with strong presidents, since a dominant executive provides a further limit to minority expression (Linz and Valenzuela 1994).

Proportional representation (PR) systems, in contrast, are believed to offer better opportunities for minority representation through the use of electoral rules that benefit smaller parties. According to this logic, proportionality prevents latent ethnic tensions from exploding by providing more and better opportunities for groups to vent frustrations within the institutional framework (Cohen 1997). Similarly, Lijphart (1977) finds that while PR systems reinforce ethnic cleavages, they have the advantage of legitimizing the claims of minority groups. Majoritarian systems, by attempting to force groups to focus on cross-cutting cleavages such as class, fail to appreciate the "sticky" character of ethnic identity.

The debate surrounding the question of majoritarianism versus proportionality is not a new one and a full review of the issues involved is beyond the scope of this book. Rather, the key point to press is that scholars have long recognized the importance of constitutional-level design in their

studies of conflict management. While informal norms and conventions certainly bear on the likelihood of inter-ethnic conflict, the available evidence strongly supports the claim that electoral institutions provide strong incentives for ethnic mobilization and the strategies used by ethnic groups to achieve their goals in the formal political system.

A more critical issue concerns specific types of electoral systems designed for deeply divided societies and the debates surrounding them. Obviously, no study of democracy in heterogeneous states can exclude Lijphart's (1977) consociational model. Lijphart extends the argument in favor of PR to advocate a type of power-sharing that effectively institutionalizes communal cleavages into the political system. The consociational model was conceived as a semi-democratic form of government that preserves certain elements of democracy while modifying those features that can lead to conflict. The model consists of four key elements. Initially, consociationalism requires government by a "grand coalition" of political elites drawn from all significant elements of the plural society. Secondly, ethnic groups require a mutual veto that permits minorities to stop the implementation of policies inimical to their interests. A third feature of consociationalism is proportional representation in bureaucracy and executive cabinets. Finally, Lijphart argues that an effective consociational regime would allow for the regional autonomy of ethnic groups (Lijphart 1977: Chapter 2).

Lijphart (2002: 37) has argued forcefully that the consociational model represents "not only the optimal form of democracy for deeply divided societies but also, for the most deeply divided countries, the only feasible solution." According to this argument, in deeply divided societies ethnic cleavages cannot simply be willed away by forcing citizens to coalesce around non-ethnic parties based on majoritarian rules. Ethnicity will supersede other social cleavages and attempts to ignore communal divisions will only result in prolonged conflict. By legitimating these cleavages, and indeed by making them the focal points of the political system, it is possible to give ethnic communities a greater stake in inter-ethnic cooperation.

The consociational model has been applied to numerous cases in an attempt to explain inter-ethnic cooperation. Lijphart argues that the success of this form of power-sharing is contingent on several factors. One of the most significant conditions favorable to consociationalism is a relatively equal balance of power between multiple ethnic groups (2002: 55). This implies that each group possesses some set of resources that allows for the effective organization of group members and the translation of this organization into political influence. A second favorable condition is the presence of cross-cutting cleavages between groups that reduces the extent to which ethnic identities define political priorities and creates a more inclusive polity (75).

The consociational model has not been without its critics. The utility of consociationalism has been questioned in cases where there are two relatively large groups or in cases where cross-cutting cleavages between groups

are minimal. In examining Malaysia, Harold Crouch (1996: 153–4) sees the issue of the balance of power as problematic in these types of cases. Political issues are defined within the context of ethnic relations. In such an atmosphere, minority group members will perceive a concession by group leaders as a betrayal. This leads to the potential for ethnic outbidding by more extreme parties hoping to capitalize on the moderate tactics pursued by more mainstream parties (Rabushka and Shepsle 1972). Thus we cannot always assume that the elites represented in Lijphart's grand coalition speak for all members of their respective ethnic communities.

Another critique of the consociational model is that it does not truly apply to "deeply divided" societies as Lijphart claims. The primary goal of the power-sharing arrangement is to create an atmosphere of tolerance so that inter-ethnic competition does not threaten democratic governance. As Vincent Maphai (1996) points out, however, consociationalism is not the cause of toleration, but rather the result of it. In his view, the decision by elites to share power reflects the presence of meaningful dialogue between groups. This implies that a degree of inter-ethnic cooperation is already present. Truly divided societies, especially those where one group has a firm grasp of political authority, would never logically choose consociationalism to mitigate ethnic tension (70).

An important critic of consociationalism more generally is Horowitz (1985; 1991), who advocates what has come to be known as "centripetalism." Horowitz argues that consociational institutions ossify ethnic divisions of necessity, leaving party elites with no choice but to compete along ethnic lines and ultimately to outbid. He suggests that institutions should instead encourage elites to become more moderate, especially by competing across ethnic lines for votes. He argues specifically for the use of the "alternative vote" (AV) system, which allows voters to rank candidates in order of preference. Horowitz claims that this will lead candidates to appeal across ethnic lines for lower preferences of other ethnic groups. Thus, the main point of AV systems is to force ethnic communities to pool votes around more moderate political parties.

AV systems require voters to rank candidates in order of their preferences. If, after the first round of counting, a candidate has an absolute majority of first-place votes he or she is declared the winner. If no candidate receives a majority of first-place votes, then the candidate with the fewest first-place votes is eliminated and his or her ballots are redistributed according to second preferences. This process continues until the required majority is achieved. Horowitz argues that the imperatives of reaching across ethnic boundaries in order to receive enough second- and third-place votes are such that the system will promote moderation by ethnic parties (1991).

Of course, this argument is contingent upon important conditions. First, voting districts must be ethnically diverse in order to make moderation a preferable strategy. If one ethnic group holds a large enough majority then there is little reason to bother with appeasing other ethnic communities.

Second, Horowitz's model assumes that ethnic groups are not homogeneous in their preferences and will form multiple parties. Indeed, this argument is one of Horowitz's chief criticisms of consociationalism. In most cases, ethnic groups are not unified behind a single party or platform. Rather, multiple parties can emerge to represent different constituencies within one ethnic community, as has been the case in Malaysia, Fiji, and Lebanon. This plurality of ethnic parties becomes especially important when we examine the incidence of ethnic outbidding strategies in a later section.

Bogaards (2003), recognizing these difficulties, advocates a variant of AV which he calls constituency pooling (CP). The CP model retains the core feature of AV, the ranking of voter preferences across all candidates, but replaces the single (and theoretically heterogeneous) district with multiple, homogeneous districts. Candidates would be elected from multiple voting districts, thereby forcing them to reach across legislative boundaries into districts dominated by different ethnic parties. In theory, this system might allow AV to be used in countries where the number of parties is relatively small and the ethnic composition of voting districts is homogeneous.

The main problem with evaluating AV systems (and the variant described by Bogaards) is the general lack of available evidence concerning their performance. AV is used in legislative elections only in two modern states, Australia and Nauru. Hence it is difficult to assess the degree to which AV forces groups to moderate in order to reach across ethnic boundaries. The one case of its use in a counterbalanced society, Fiji in 1999, was a spectacular failure, as discussed in a later chapter. This was due in large part to the use of communal voter rolls (a very anti-centripetal idea) and the ability of voters to defer preference rankings to a single party (which encouraged preelectoral coalitions quite different from the sort Horowitz imagines). Hence, I do not refer to Fiji as a case of pure alternative voting.

The preceding discussion suggests that considerable thought has gone into the study of electoral design. At the same time, and perhaps luckily, few modern states have taken the advice of political scientists and implemented the electoral systems described above in their entirety. Rather, most constitutional designers take bits and pieces of electoral formulas and modify them. This is especially prevalent in the increasing number of "mixed-member" systems that combine elements of single-member majoritarianism with multi-member districts common to PR. The fact that constitutional designers modify these formulas should not come as a surprise, since constitutional design is about as political a process as we can expect to observe. Actors charged with institutional creation have an incentive to acquire information about power distribution and modify institutions such that they can expect to benefit from them.

The key point here is that elites may have multiple interests when crafting constitutional rules. If institutions are critical to structuring future opportunities, as I have argued they are, then the people building electoral rules are likely to have competing interests, especially as the number of

participants increases. When this occurs, Horowitz (2002) argues it is more likely that adopted electoral rules will deviate from their original design. In deeply divided societies, elites can have many reasons for modifying electoral formulas. Among the chief reasons for such amendments is the desire to insulate one group's political hegemony in future elections. This is especially the case in countries where the traditionally dominant political group is also an indigenous group. As discussed in Chapter 1, in many such cases there exist tacit bargains between group elites that define each group's social territory, such that one group is expected to dominate political institutions while another group is given a more or less free hand in the economic system. Thus elites can attempt to craft institutions in order to reinforce this tacit group bargain.

At this point, it is necessary to consider institutional impacts in terms of how they interact with informal group expectations. Recall the earlier discussion of Crawford and Ostrom's (1995) institutional syntax. This syntax identifies a key difference between rules and norms, specifically the existence of formalized sanctions that determine the consequences of non-compliance. When a rule is disobeyed there are clear ramifications. Norms, however, lack such specificity. When a norm is broken there is nebulousness surrounding the consequences. The constitutional-level institutions regarding electoral systems are rules in that there are clear procedures and consequences of action. The tacit agreements and bargains between group members, however, are norms in that they are rarely, if ever, specified in some formal way.

Unfortunately, the rules of democracy, unlike the norms that underlie group bargains and ethnic myths, are not built on a foundation of certainty. In fact, democracy is all about institutionalizing uncertainty. We cannot know with certainty who will win a fair democratic election until after the ballots are counted. Moreover, if we consider (as most political scientists do) the existence of an effective opposition as central to a healthy democracy, then we should necessarily expect democracy to be ineffective at enforcing a norm that stipulates which group should control the reins of political power. Attempts to reinforce group hegemony through the manipulation of democratic institutions (say by drawing skewed electoral districts that favor one group over the other) may provide short-term insurance that one group will dominate the government, but the fact remains that uncertainty can never be eliminated using democratic procedures.

Here is the rub, then. If we do not know the consequences of breaking the norm of tacit group bargains, then democracy is poorly equipped to deal with the consequences of the "wrong" ethnic party winning an election. There is no formally designated procedure for conflict management in such cases. Ultimately, the rules of democracy cannot enforce the norms of group bargains in counterbalanced societies. As I hope to show in the next few chapters, this helps to explain the incidence of state failure in several counterbalanced cases.

In later chapters, I will argue that cooperation in counterbalanced cases can persist when electoral institutions and political rules allow for the creation and maintenance of a specific type of multi-ethnic coalition. These coalitions are comprised of ethnic parties from both major ethnic communities, but are dominated by the party (parties) associated with the professedly indigenous community. Parties of the economic group participate in the government, and may in fact hold important positions in the cabinet, but they cooperate with the important caveat that they do not have a final say in policy matters. In this regard, economic groups participate in a grand coalition of sorts, but are largely precluded from controlling the machinery of the state.

Thus these cases share one important characteristic with the consociational model, but mutual vetoes and proportionality in government are lacking. Similarly, the presence or absence of electoral formulas that encourage vote-pooling may be helpful, but they do not of themselves address the fundamental issue of minimizing the “veto-player” capacity of economically dominant groups. This requires careful consideration and foresight by constitutional designers and, more importantly, a realization by relevant communities that only incremental policy change can help to minimize the identification of ethnic community with social role.

Ethnic myths

The formal rules and institutions governing society are but one part of the puzzle that helps to explain cooperation and conflict in counterbalanced states. An equally significant factor is the persistence of social norms that privilege one ethnic community over another based on a shared belief in group indigeness. These ethnic myths create the foundations for future conflict by giving professedly indigenous ethnic groups a powerful set of symbols and rewards around which to organize. All ethnic groups share some sense of collective history that binds members together. This sense of shared fate, and the means to propagate group characteristics, is critical to the maintenance of “imagined communities” to the extent that most group members are unlikely to meet one another. This is the power of the ethnic myth; it creates both a common referent for group members to draw upon in times of difficulty and serves as a means of unifying otherwise disparate communities during times of peace. Consistent with Hale’s (2004) conception of identity, such myths provide a heuristic that individuals use to make sense of complex social situations.

An important issue related to the propagation of ethnic myths, and one that plagues most counterbalanced states, pertains to efforts to develop an overarching sense of national identity in plural societies. Debates about nationalism often demonstrate the artificiality of distinctions between purely civic and ethnic forms of the nation and I will not explore them fully here. Rather, it is probably sufficient to note that all forms of nationalism

are connected to at least some set of shared ascriptive markers. In his analysis of the emergence of modern nationalism, Anthony Smith (2000) argues that all nationalist ideologies are built on an ethno-symbolic foundation linked to a dominant ethnic core, which he refers to as an *ethnie*. Ethnies consist of a “named human population with myths of common ancestry, shared historical memories, one or more elements of shared culture, a link with a homeland and a measure of solidarity, at least among elites” (2000: 65). In contrast to nations, which are defined in terms of their connection to a territorial homeland, ethnies are defined by their links to common myths and memories. Ethnies need not have a territorial claim, although many certainly do.

Smith’s conception of an ethnic core that lies at the heart of the modern nation presents interesting implications for the development of national ideologies and ethnic myths not just in counterbalanced cases but in the broader realm of postcolonial states. Most postcolonial states are multi-ethnic and, to the extent that colonial policies compartmentalized ethnic communities into specific regions or sectors, this diversity manifests itself in a tendency to vote and organize along ethnic lines.² Poly-ethnic states face a considerable dilemma when attempting to build viable nationalist ideologies because of this very feature. Titular ethnic groups (Malays in Malaysia, Kazakhs in Kazakhstan, etc.) view control of “their” state as critical to group survival. Horowitz (1985: 175–82) notes the “fear of extinction” among many ethnic groups in the postcolonial world. This fear of extinction refers not simply to the gradual elimination of the group as a cultural force, but goes so far as to assume the physical disappearance of the group as well.³ As a result of these fears, it becomes even more important to make sure that national symbols denote which group “owns” the country. Ironically, the very attempt at forging a national identity linked to the myths of the dominant ethnic core can exacerbate underlying ethnic tensions, making the nationalist goal largely impossible to achieve.

Beyond the rather substantial difficulties presented in the process of nation-building, some social scientists have examined the role played by ethnic myths in generating incentives for violent conflict. In his recent work *Modern Hatreds* (2001), Stuart Kaufman stresses the importance of myths that activate latent group acrimonies and can move ethnic conflict from rivalry (with no appreciable violence) to all-out warfare. Kaufman sees two questions as critical:

- 1 What is ethnic identity and why does it sometimes emerge as the most important social cleavage?
- 2 How do ethnic wars start? Why is a person willing to commit horrible acts of violence for their ethnic group?

Kaufman starts by looking at theories of ethnic identity. He begins with a basic definition of ethnicity that draws heavily on Anthony Smith’s (1986)

myth-symbol complex. Rooted in Smith's view of ethnic groups as communities with a shared name, shared belief of common descent, common historical memories, shared (even loosely) cultural markers, and a common attachment (even sentimentally) to a territory or place, Kaufman builds up the importance of myths and symbols (2001: 16–17). He relies on the work of Murray Edelman (1985) to define myth and symbol as follows:

- 1 Myth – a belief held in common by a large group of people that gives action and events a particular meaning. Thus real historical events can be said to constitute myths to the extent that they generate a particular effect on the practices and worldview of individuals. Also, myths can be largely false or gross exaggerations of historical events. Kaufman notes that the historical accuracy of the myth is irrelevant. Again, what matters is the political effect of the myth on the ways that group members perceive the world.
- 2 Symbols are emotionally charged shorthand references to myths. Kaufman uses the Battle of Kosovo Field as an example of a symbol that invokes an important ethnic myth. Specifically, the battle symbolizes the “martyrdom of the Serbian nation in defense of Serbian honor and of Christendom against the Turks.”

(2001: 16)

Kaufman combines various components of rationalist and primordialist theories by building on the notion of this myth–symbol complex. His theory assumes that there exists a sort of “primordial sociality” (24) that provides some latent basis for cultural similarities between people (beyond the basic notion of extended kin networks). This assumption does not say that this sociality is inherently biological, but rather reflects a cultural tendency for “collective group self-defense” (24). Ethnic or national leaders have incentives to use common symbols to invoke this tendency in order to create a nationalist identity. The core of identity is the aforementioned myth–symbol complex that defines who is part of the group and what it means to be a group member. Significantly, ethnic entrepreneurs cannot simply create an ethnic identity out of thin air. Consistent with Smith (2000), there has to be some credibility to the symbolic claims in order for attempts to create ethnic loyalties to be successful.

Myths provide the foundation for conflict when they combine with common group fears of domination and a political opportunity structure that enables collective organization by members of an ethnic community. Once these conditions are met, elites can use ethnic symbols as a means of motivating group members to commit acts of violence. Consistent with most theories of conflict (especially Horowitz 1985; Petersen 2002), the ethnic threat does not have to be particularly pressing. Rather, it is the perception of a threat that is significant. This distinction has important implications for the study of ethnic myths in counterbalanced societies. Namely, groups that

feel some special position rooted in their common belief of indigenouness will always have a fear that their privileged status is at risk due to the political organization of other groups. As will be discussed in later chapters, this is precisely what motivated ethnic hostilities in Malaysia in 1969 and in Fiji in 1977, 1987, and 2000.

Myths of indigenouness

In the counterbalanced states I explore in this book, the most critical issues are not necessarily related to the redistribution of economic goods, as one might expect. In fact, as other scholars have noted, particularly Horowitz (1985), political groups may have little concern for dominating the economic sector except to the extent that they fear being swamped by more economically aggressive groups. Economic dominance might not be the goal, although political elites may certainly frame their policies in terms of “catching up” with economically dominant groups. Rather, the most significant issues pertain to the status of ethnic groups and the preservation of one group’s symbolic dominance over other communities.⁴ I argue that ethnic myths of indigenouness are a special type of collective memory that grants a sense of privilege to communities who profess to be native or indigenous. This sense of privilege presents a challenge to efforts at nation-building due to its exclusionary character. Myths of indigenouness create a higher and more abstract level of political belonging than mere citizenship. As I will argue in a later section of this chapter, this abstract level of political belonging is itself a sort of social institution that, unlike formal political rules, fails to specify the appropriate consequences should it be violated.

A number of scholars have addressed the tendency of some groups to view themselves as deserving special status vis-à-vis other ethnic groups. Smith’s (1992) discussion of ethnic myths of election, for example, stresses how ethnic leaders will couch their group’s social status in terms of a special mission. As Smith notes, however, an ethnic myth of election is much more than a simple case of ethnocentrism. It places the group under some degree of moral obligation. Significantly, Smith links myths of election to the very persistence of the ethnic community through specific patterns of “ethnic survival.” Chief among these links is the “communal-demotic” myth that attaches a community to a specific territory or homeland. “In these cases the community has usually been conquered and is struggling to preserve its former rights and way of life, claiming that its members are the original inhabitants and their culture is the vernacular” (1992: 195). This is closely linked to the claims of professedly indigenous communities in counterbalanced states.

In his analysis of the foundations of ethnic claims to political dominance, Horowitz (1985) rightly focuses on claims based on both prior occupation (another term for indigenouness) and the perceived right to succeed the colonial power. Claims of prior occupation give the professedly indigenous

group grounds for demanding priority in the political sphere and for promoting cultural symbols associated with their community. Such claims carry strong weight with group members to the extent that individuals are much more likely to mobilize around ethnic symbols when they perceive their special position to be put at risk. Again, Horowitz makes no claim about the truthfulness of claims to prior occupation. In Malaysia, many individuals who are considered *bumiputera* are, in fact, comparatively recent arrivals from Indonesia who tend to share key ascriptive markers, and a professed adherence to customary laws known as *adat*, that correspond more closely to the perceived Malay identity. Such individuals can make claims to prior occupation with greater ease than Chinese or Indian citizens whose families may have arrived in what is now Malaysia hundreds of years ago.

Closely linked to claims of prior occupation is the belief that one's community was granted privileged status by the colonial power. The British, in particular, saw a need to protect the status of groups they considered indigenous by placing such communities in positions of administrative authority. Often, the granting of such a privileged position was part of the colonial mandate. At the same time, the British more than once encountered difficulties reconciling the desire to protect the cultural and political dominance of indigenous communities with their professed mission to foster truly inclusive democratic principles.

The preceding two sections have examined both the formal rules of democratization, specifically electoral systems, and informal societal norms, specifically ethnic myths of indigeness. Two cases will be briefly examined to illustrate the emergence of ethnic mythologies in counterbalanced states, but before doing this it is important to briefly highlight how principles of political competition central to democratic practice can become ethnically inflammatory in plural societies. In particular, ethnically plural states are beset with problems caused by ethnic outbidding strategies used by members of ethnic political parties. The phenomena of both outbidding and ethnically reserved parties pose particular dangers for counterbalanced states to the extent that they can inflame perceived dangers to ethnic hierarchies and exacerbate social tensions created by differential economic and social status.

Collective-choice-level institutions: ethnic outbidding

Choices about electoral systems have a direct influence on the structure of collective-choice institutions like legislatures. Political scientists have long known about the constraints placed on party formation by majoritarian electoral systems (Duverger 1954; Cox 1997). Further, the presence of various no-confidence procedures in parliamentary systems gives prime ministers significant influence over the legislative agenda. In the context of counterbalanced societies, the key feature I wish to examine at the collec-

tive-choice level is ethnic outbidding. Milne (1981: 185) defines outbidding as the “act of making offers or promises to an ethnic group by an opposition party which is able to offer more than the government because, unlike the government, it is not under the obligation to reach compromises with other ethnic groups.”

Rabushka and Shepsle (1972) see ethnic outbidding as the underlying feature of democratic instability in plural societies. According to this perspective, outbidding occurs as ethnic parties emerge following independence. During the colonial era, incentives exist for indigenous groups to maintain a common front against the colonial authority. Once independence is achieved, however, there is little incentive to maintain multi-ethnic coalitions. Since ethnicity often pervades the party structure of newly independent democracies (a point I will elaborate on in the next section), political elites have an incentive to pander to ethnic interests, whether they are real or constructed. Moderates, who often attempt to maintain multi-ethnic coalitions, face strong intra-ethnic competition from members of competing parties who can make promises that are unlikely to be realized. At the same time, as is not unusual in democracies, voters may have no way of determining whether such promises are legitimate or merely a bluff. Ultimately it may not matter, since moderate parties are often forced to pursue a more hard-line position or face a loss of voter support.

In deeply divided societies, outbidding is often the natural outcome of democratic procedures. It is a dominant strategy for ethnic elites to pursue since, under standard electoral rules, it can produce impressive electoral outcomes for more extreme parties. In theory, electoral designs such as AV minimize the utility of outbidding by forcing voters to rank candidate preferences. This creates incentives for party elites to moderate their positions since they will require ethnic cross-voting in order to stand a chance of winning. Of course, as mentioned in the previous section, AV requires multiple ethnic parties and heterogeneous electoral districts in order to produce moderation. Where this is not present, it is unlikely that vote-pooling strategies will generate the appropriate incentives to minimize outbidding.

The notion of outbidding is critical to understanding ethnic conflict and state failure in counterbalanced societies. As I argue throughout this book, tacit group bargains are subject to strong pressures from democratic institutions where more extreme political parties can use demagoguery and tactics of ethnic demonization to paint issues solely in terms of communal consequences. This is especially the case when a politically dominant indigenous group faces strong electoral pressure from an economically powerful minority. In these cases, moderation becomes difficult due to the perception among voters that their elected representatives are “selling out” communal interests to other ethnic groups. Hence, polarization of different ethnic communities becomes a distinct possibility.

Operational-level choices: the ethnic political party and voter choice

The emergence of ethnic political parties makes inter-ethnic cooperation more difficult. This proposition underlies many theories of democratic instability in plural societies (Rabushka and Shepsle 1972; Milne 1981; Horowitz 1985). The emergence and impacts of ethnic parties are important if we are to understand how outbidding strategies are successful. Horowitz (1985) sees ethnic parties as essentially interest groups whose main function is to pressure government for policies that benefit their ethnic community. In this view, the ethnic party assumes a mantle of legitimacy in defining and advancing group interests. This view is, in most respects, fairly consistent with constructivist views of ethnic identity to the extent that party elites have a strong incentive to define ethnic interests and group boundaries for their own electoral fortunes. Of course, it can also be argued that party elites can only shape ethnic interests so much. At some point, they have to respond to more substantive constituent demands.

In many developing countries with deep ethnic cleavages, ethnic political parties emerge relatively quickly, even when the party system initially forms around other relevant social cleavages. This was clearly the case in Guyana, where the People's Progressive Party (PPP) began as a multi-ethnic coalition primarily interested in gaining independence from Britain and advocating a socialist agenda. Under the leadership of Cheddi Jagan, an American-educated dentist of East Indian descent, and L. F. S. Burnham, a nationalist leader of African descent, the PPP was initially quite successful at rallying support from both ethnic communities in Guyana. In 1953, the PPP won a two-thirds majority in the colonial legislature. The British, fearful of the Marxist leanings of Jagan and his cadre of party intellectuals, removed the PPP government and replaced it with an appointed cabinet.

During the period of constitutional suspension, the PPP began to fracture along ethnic lines. At first, this fracture was not due to ethnic disputes, but rather a combination of ideological disillusionment and the aspirations of Burnham to gain more political power. In its early years the PPP carefully maintained its multiracial coalition by placing both Creoles and Indians in prominent party positions. By the mid-1950s, however, the scene was set for a party split. Indians who lived in the rural areas of the country resolutely supported Jagan's faction of the PPP. Creole support was initially split, since Jagan had the backing of several prominent Creole politicians. In 1956, however, these politicians left the PPP over the controversy of the Soviet invasion of Hungary (Horowitz 1985). This left Jagan without the official backing of prominent Creole elites. Following elections in 1957 Burnham left the PPP and formed his own party, the People's National Congress (PNC).

Common perceptions of this split effectively reinforced the ethnic character of both the PPP and the PNC and in subsequent elections voters of the Indian and Creole communities voted accordingly (Rabushka and Shepsle

1972). Thus, within five years of the reinstatement of the constitution, the PPP had been eroded from a multi-ethnic coalition into two ethnic parties. Horowitz (1985) notes that once voters of one ethnic community choose to support an ethnically defined party, voters from other communities are put at a comparative disadvantage. They must also vote along ethnic lines or run the risk of seeing a government comprised of politicians who may not serve their interests. Non-ethnic parties simply cannot compete effectively once one prominent ethnic community chooses to vote along ethnic lines.

Once ethnic parties do emerge, there are strong incentives for elites to employ outbidding strategies. Consistent with most instrumental views of ethnic conflict, groups do not coalesce around one coherent ethnic party. Rather, multiple ethnic parties can emerge in order to represent diverse positions within an ethnic community. It is the presence of multiple parties that make outbidding a useful strategy for extreme factions to pursue.

At the operational level, individuals and groups must make choices about who should govern and what policies to support. In cases where ethnicity is not an overly salient feature of the political process, such as the United States, dominant policy issues largely revolve around regulation and distribution. Typically, these policy issues are related to divisible goods or outcomes. As Horowitz (1985) notes, however, policy issues in deeply divided societies are often concerned with indivisible issues. How do policy-makers divide a national anthem or national symbols, for example? These indivisible goods are of extreme importance since they send a powerful message about which group owns the country. To a large extent, outbidding strategies are successful precisely because they can exploit such divisions (Kaufman 2001). More extreme ethnic parties always have an incentive to pressure moderates in their own community to move further away from the center by promising policies that they may not be able to deliver.

Ultimately, there are countervailing tendencies in many ethnic party systems. On the one hand, there is usually a strong desire on the part of many voters to see moderates win office, since these groups are usually less likely to support conflict-inducing policies. There may even be some latent desire for members of one ethnicity to vote for moderates from another ethnic party.⁵ At the same time, however, the strategies of more extreme parties, coupled with the general lack of information about how other voters will decide, makes it a dominant strategy to vote for an ethnic party affiliated with the voter's own community.

Two examples can be used to illustrate how these motives contributed to the formation and maintenance of ethnic myths of indigenouness and the ways that these myths laid the path for future ethnic relations. I will concentrate on two cases, Fiji and Malaysia, which will be analyzed more carefully in later chapters. These two short case studies will do three things. First, they will attempt to demonstrate how ethnic identities crystallized during the colonial period, primarily as a result of significant economic change that required a new labor pool. Second, they will show how colonial policies

created ethnic norms that gave special status to nominally indigenous ethnic communities. Finally, they will show how attempts to formalize the special status of indigeneness led to heightened ethnic tensions, primarily as a result of inconsistencies between liberal assumptions that underlie democratic practice and the exclusionary assumptions that underlie nation-building in postcolonial states.

Fiji

When Europeans first began to arrive in Fiji in the early nineteenth century, they found a number of disparate tribal and language groups spread throughout the several hundred islands that comprised the archipelago. Owing to differential patterns of migration over thousands of years, Fijians from different sections of the islands bore (and continue to bear) characteristics of both Melanesian and Polynesian heritage. More specifically, Melanesian influences are observable in the western part of the islands, in particular the areas of western Viti Levu and the Yasawa Islands, while Polynesian influences are prevalent in Vanua Levu and the islands of the Lau group. These divisions continue to have political salience today, as chiefs from the eastern (and more Polynesian areas of the islands) have tended to dominate the political system.

The emergence of the political dominance of the eastern chiefly establishment, the development of an overarching, albeit still fragile, sense of Fijian identity, and the ethnic division of political and economic power between the Fijian and Indian populations has its roots in the colonial era. The arrival of the first British colonists from Australia coincided with a turbulent period of intra-Fijian warfare. Some Fijian chiefs found it advantageous to cooperate with the British in order to gain a tactical advantage against competing tribes. One chief, Cakobau of Bau Island, used British support to exert his political dominance over most of the Fijian islands. At the same time, Cakobau's strength was predicated upon a continued alliance with the British who supplied the firepower needed to keep competing tribes at bay. Cakobau's need for British support, combined with an outstanding debt claimed by the US government,⁶ compelled the high chief to enter into an official compact with the British, ceding official political authority to the crown in 1874. Under the Deed of Cession, the British were charged with protecting Fijian institutions and to recognize "the rights and interests of the ceding parties so far as shall be consistent with British sovereignty" (Norton 1990). This included a policy of non-alienation of Fijian lands. All lands not sold to settlers by 1874, which totaled nearly 85 percent of Fiji's territory at the time, were deemed inalienable and were given back to Fijian land-holding units called *matanqalis*. The British, in concert with a number of prominent chiefs, reordered Fijian social structures in such a way as to allow for a strong degree of native self-government. A number of *matanqalis* were united into larger units called *yavusa*, which were in turn

combined into a series of provinces from which eminent chiefs were selected. These chiefs formed the backbone of the new Native Administration through a new institution, the Great Council of Chiefs. The Council served as the primary means of indirect rule for most of Britain's tenure as colonial power in Fiji and represented the preservation of traditional rule in the face of rapid changes brought on by the colonial enterprise.

Beyond this, the first Governor of Fiji, Sir Arthur Gordon, was a strong believer in maintaining indigenous institutions and the traditional way of Fijian life. Gordon, along with leaders of the Colonial Office in London, felt it necessary to shield Fijians from the pressures of modernization under the policy of "the paramountcy of Fijian interests." For Gordon, the imperatives of protecting the Fijians were amplified by an outbreak of measles that claimed at least 25 percent of the indigenous population during the first years of British rule (Mayer 1963). Like many in the Colonial Office, the new Governor wished to increase the welfare of the Fijians, but felt that entry into the modern economy would prove disastrous since the Fijians were believed to be culturally unsuited to wage labor. As a result, the Native Administration placed restrictions on the movement and settlement outside villages and set up a tax system based on villages producing prescribed quantities of crops for sale.

Gordon's position placed him at odds with European settlers and the increasingly powerful Colonial Sugar Refining Company (CSR) of Sydney, both of whom were desperate for a source of labor. In the view of both the settlers and the company, the welfare of the Fijians would be best achieved by compelling them to compete in the modern economy by working on the growing number of sugar plantations. CSR, in particular, pressed the government to allow Fijians to work the plantations they acquired prior to the non-alienation land policy. The Colonial Office's unwillingness to concede ground on this issue created a serious dilemma since the colonial economy's future growth was imperiled without a sufficient labor pool. In response, the government introduced an indenture system based on the importation of Indian laborers. This strategy had been employed with success in other colonies in Africa and the Americas and the government hoped that it could be used in Fiji to satisfy the planters' need for agricultural workers.

Between 1879 and 1916, the year the British government ceased indenture on humanitarian grounds, some 63,000 Indians migrated to Fiji. The terms of indenture required the laborers to work on the CSR plantations for a five-year period, after which the Indians could return to India. Importantly, the Indians would be permitted to stay in Fiji if they so desired. The majority of laborers opted to remain in Fiji, with only 25,645 of the immigrants agreeing to repatriation after their contracts were up (Mayer 1963). Most of the Indian laborers chose to become free men, earning a living as wage laborers for CSR or making their way as small entrepreneurs.

By 1920, the 61,000 Indians living in Fiji comprised approximately 40 percent of the population and had become an integral part of the economy.

The influx of Indian laborers and their subsequent move into the wage economy had a number of important effects that must be viewed in the context of both the economic mission of the colony and in terms of native administration. Initially, it must be recalled that the Fijians were almost totally excluded from the modern economic sector. Ironically, the very policies intended to protect the Fijians by keeping them confined to subsistence farming in their respective villages and *yavusas* had the effect of further alienating them from the cash economy and limiting their economic prospects. Regardless of the professedly noble intent of their policies, the primary colonial mission was economic, a fact that created an inherent contradiction in Britain's protective goals. The policy of non-alienation of Fijian lands presented the main contradiction, to the extent that it limited the growth of CSR's agricultural activities and therefore placed the politically dominant British-led government at odds with the economically dominant sugar company. Moreover, as the company began to lease its lands to the Indian population, the latter came to increasingly dominate the colonial economy. A second, and equally important, consequence concerned the role of the European population. As CSR became increasingly powerful and the Indian labor pool grew in size it became clear to the Colonial Office that Fiji's future did not involve widespread European settlement. Instead, the Europeans were greatly outnumbered by the Indian population, a fact that unnerved members of the government and the Fijian population. The chiefly establishment came to view the Deed of Cession as a sacred bond that compelled the British to safeguard Fijian culture from extermination in the face of an economically aggressive immigrant population. The upshot of Fiji's experiment with indenture was that by the early twentieth century the Indian population was fast becoming the economic linchpin on which the colony turned. Moreover, as Indian free-men moved into commerce and urban enterprises it was becoming increasingly obvious that they would dominate any post-independence economy as well. Thus, by the eve of World War II the initial foundations of counterbalance were laid in Fiji with Indian domination of the economy and a Fijian elite that claimed political privilege with the Europeans by virtue of the Deed of Cession.

This placed the British in the unenviable position of trying to balance the economic imperatives of growth, and consequently the welfare of the immigrant Indian population, with the Colonial Office's mandate for the paramountcy of Fijian interests under the Deed of Cession. In the early twentieth century, many of the Europeans, especially the settlers and CSR executives, were sympathetic towards the Indians' demands for more equitable treatment, particularly in terms of the recently unindentured immigrants' need for land. This had less to do with any sort of charitable tendency amongst the European elite and more to do with the economic incentives of a liberalized land market. The Indians who became freehold farmers

generally worked under contract for CSR and, as their numbers expanded, the need for new land resources became more urgent. European leaders were willing to call on the government to open up land reserves so long as the Indians remained subservient to British interests. At the same time, the Indians were increasingly unwilling to accept any sort of second-class status, particularly as new immigrants began to arrive outside of the indenture system. These new, upwardly mobile immigrants largely came from Gujarat (in contrast to the majority of the other Indians who were recruited from southern India) and were intent upon achieving equality with whites.

Relations between the Indians and Europeans reached a critical point in 1920 when the colonial government imposed import duties in order to increase revenues, leading to a significant price increase on basic commodities. Indians in Suva employed by the government demanded higher wages in order to compensate for the price increases and colonial administrators feared an uprising. The tensions worsened the following year when CSR's Indian employees went on strike in the western sugar districts of Viti Levu (Mayer 1963). The strikes shattered the European image of the Indian as a subservient laborer and forever changed inter-ethnic relations in Fiji. From this point onward, Europeans steadfastly supported the chiefly establishment, and a strong political alliance emerged between whites and Fijians, albeit an alliance tempered by the need to provide land resources to the economically vital Indian population.

As Norton points out (1977), three factors enabled an alliance between the Europeans and the Fijian chiefs. First, the Fijian chiefs did not hold official positions that directly challenged the colonial government. Indeed, the chiefs were dependent upon the British to secure their hegemony vis-à-vis the economically powerful Indian population. Second, the Fijians, unlike the Indians, had no aspirations towards democratic reform. The chiefs were adamantly opposed to any extension of the franchise to their own people, viewing liberal democracy as an affront to chiefly privilege. Third, given that most Fijians were subsistence farmers and detached from the colonial economy, villagers had few grievances about racial inequalities between Fijians and Europeans (Norton 1977: Chapter 3). The Indian population, in contrast, was largely motivated by a desire to achieve political and economic equality with the Europeans and began to organize to achieve these goals. This was probably due to the fact that the Indians were wholly dependent upon the white-led government and CSR for their livelihood. As a result, they bore the brunt of the colonial government in a far more direct fashion than the Fijians who were largely governed by the neo-traditional Great Council of Chiefs.

This is not to say that the colonial government abandoned the interests of the expanding group of free Indian farmers and laborers. There was no doubt by the late 1920s that the future economic viability of the colony was contingent upon the Indian population being able to acquire land and develop new business enterprises. There were only 4000 Europeans living in

the colony compared to the 60,000 Indians who now made their home in Fiji and comprised the basis of the sugar industry. In the 1920s CSR tried to increase sugar production by giving plantation laborers their own 10-acre plots and allowing them to cultivate the land with the help of their wives and children. Unfortunately, the company's land holdings were insufficient to absorb the growing number of cultivators. As a result, Indian laborers began to lease land directly from the Fijian *matanqalis* who controlled the majority of Fiji's land reserves.

This strategy worked well until the 1930s, when many young Fijians began to move into the sugar and mining industries. This was part of the colonial government's larger experiment in trying to develop "individualism" in the Fijian social structure. The Native Administration, and more specifically the power of the chiefs, was somewhat weakened and Fijians were allowed to move into wage employment. While most Fijians resisted this change, a large number of younger Fijians proved willing to move to plantations or to take jobs in the government sector in Suva. These changes were made out of a combination of economic interest, since the sugar plantations needed the laborers, and also out of an increased sense that Fijian welfare could be achieved only by allowing Fijians to compete in the modern economy. Indeed, leading chiefs, such as Ratu Sakuna, were beginning to see the inherent contradictions in the protectionist policies that isolated Fijians in the villages. The British feared that a newly emergent Fijian labor movement might cooperate with disgruntled Indians. On several occasions throughout the 1930s Fijian chiefs in the parliament joined with Indian representatives to oppose racial discrimination in the promotion of civil servants. The colonial government quickly recognized that the critical alliance with the chiefly establishment was placed at risk.

In response, the British approached Ratu Sakuna, the leading eminent chief of the time, with two significant institutional innovations. First, the Native Land Trust Board (NLTB) was established in 1941 under Sakuna's control with the intention of centralizing the leasing of Fijian lands to Indian tenants. Under the Deed of Cession and subsequent colonial charters, only Fijians could own lands not already alienated by 1874 (Sutherland 1992). Unfortunately, there existed no formal mechanism by which Indians could lease land from *matanqalis* save by individual contracts, and these were fraught with difficulties since Indians could often not meet the excessive demands of the Fijian landowners. The NLTB organized all native land holders under the aegis of a single structure that would demarcate lands for lease and collect rents. In theory, rents were to be distributed to villagers. In practice, however, the majority of the NLTB's revenues went to high-ranking chiefs and a few well-connected Fijians, a point that will be elaborated on in a later chapter. For now, it is sufficient to note that the British and the Fijian elites took an important step in developing what has been termed the "three-legged stool" (Scarr 1984) of Fijian society: Fijian landholders, Indian laborers, and British capital.

Second, the new reforms restored the chiefly authority that had been allowed to erode during the 1930s with the changes made to the Native Administration. The newly created Fijian Affairs Board (FAB) served as the executive arm of the reinvigorated Great Council of Chiefs. The Council selected members of the board, in concert with the Europeans, and its decisions were binding on villagers and those who wished to work away from their home villages. Beyond this, the FAB helped to unite the chiefly establishment and, by increasingly allowing Fijians of non-chiefly rank membership, helped to provide a routinized source of political expression that had previously been denied. Significantly, the creation of the FAB helped to generate a formal mechanism through which a nascent sense of indigenous privilege could be presented. The new reforms gave the Fijian elite the ability to more credibly bind commoners to their respective villages and allowed magistrates to arrest individuals who left their villages without appropriate approval. Leading chiefs once again stressed the ideal of the Fijian villager bound by traditional allegiance to their chiefs and employed in subsistence agriculture. The FAB used this ideal to forge a common Fijian identity based on the neo-traditional order and the common fear of domination by the rapidly expanding Indian population. By more strongly linking Fijians to their villages and chiefs, and perhaps more importantly by giving them a concrete stake (albeit one tempered by corruption by the chiefly establishment) in their *matanqali*'s land resources, the FAB and NLTB gave all Fijians regardless of tribe or region a common interest as the *taukei*, a Fijian word that means "true landowners." The term *taukei* has since been associated with the common perception of Fijians as the indigenous people of the islands and has been used, in concert with the provisions of the Deed of Cession, to privilege the social status of the chiefly elite, and by association the Fijian people. Hence, it is here that we see the emergence of the Fijian myth of indigeness.

It is important to note that the newly formed FAB was not without its Fijian critics. Under the more lenient policies of the 1930s, many Fijians moved away from their villages and enjoyed a higher degree of freedom in the cities than they could otherwise experience in the paternalistic village system which was dominated by the chiefly elite. Hence there was a good deal of resentment against the new Fijian Administration although this anger was tempered by the ways that the FAB confirmed Fijian cultural distinctiveness and created a common front against non-Fijians. Significantly, as Norton (1977; 1990) notes, the FAB helped the Fijian/European alliance by minimizing the potential growth of a viable Fijian labor movement, a development that both the chiefly elite and the European owners of capital were convinced would lead to disaster since Fijian wage laborers would likely sympathize with the more politically active Indian population. Beyond this, it is important to note that the FAB served an important inter-ethnic management role to the extent that the united chiefs, along with the NLTB, helped to satisfy the growing demand for land

resources from Indian quarters. This role was especially critical since Indians had come to slightly outnumber Fijians in terms of overall percentage of the population by the 1940s.

In the decade immediately following World War II, the British approached leading chiefs about the prospect of moving towards independence. The Fijians, keenly aware of their disadvantageous position vis-à-vis the growing Indian population, were hesitant about any discussion of constitutional change that would reduce the role of the crown. As Norton (1990; 2002; 2004) notes, most Fijians considered the Deed their only defense against economic and political domination by the Indians, and were initially unwilling to give their consent to proceed with moves towards independence. It was only following the 1965 death of A. D. Patel, the leading Indian politician of his day and an avowed proponent of introducing the common-roll as the basis of the electoral system, that Fijians were willing to consider agreeing to constitutional reforms aimed at achieving an independent state. In Chapter 4 I will more fully explore the processes leading up to independence and the dynamics governing conflict in Fiji. At this point, it is sufficient to note that the colonial period led to the emergence of counterbalance and, through the reorganization of the Fijian administration in the 1940s, the creation of a viable sense of Fijian political unity. This unity was predicated upon the perception of the Fijian as the *taukei*, the indigenous son of the soil with a permanent intergenerational linkage to the land. As Premdas (1993) notes, the move towards independence was based as much on a bargain between Fijian political dominance and Indian economic strength as it was on the formal institutions of elections and governance. So long as the basic structure of this bargain was in place, the ethnic chauvinism associated with the extremists of the *taukei* movement would be kept in check. As will be discussed in Chapter 4, the symbolic value of the ethnic myth has been most effectively deployed when the economically dominant Indian population has managed to successfully challenge Fijian political hegemony, thereby upsetting the structure of counterbalance in Fiji.

Malaysia

Much like modern Fijians, Malays only began to develop an overarching sense of indigenous ethnic solidarity with the advent of European colonization. The colonial era began with the capture of the seaport of Malacca by the Portuguese in 1511. The Portuguese were subsequently replaced by the Dutch who claimed the port in 1641. The presence of the Portuguese and Dutch had relatively few effects on most of the people of the Malayan peninsula as these European powers were primarily concerned with controlling the strategically important sea routes linking the Indian and Pacific oceans. As a result, the interior peninsula was largely immune to the political and economic impacts of colonial expansion. All of this changed, however, when the British captured the island of Penang in 1786 and

Malacca in 1795. The British quickly recognized the potential for economic growth through the development of the peninsula's vast natural resources, particularly in terms of its large deposits of tin and rubber. Formal political relations between the crown and the Malayan sultanates were established in 1874 with the signing of the Pangkor Treaty. The treaty, signed between Britain and the sultan of tin-rich Perak, Raja Abdullah, established a British Resident who would provide advice to the sultan, although in practice the Resident had vast administrative powers (Watson Andaya and Andaya 1982; Esman 1994). For his part, Raja Abdullah received British support, which was critical given that he was involved in a succession dispute, and a monthly stipend from the crown. The Resident system quickly spread to other Malay states and by 1914 all of the sultanates that comprise modern peninsular Malaysia and the territories of Sabah and Sarawak were under British rule.

Prior to British colonization, the inhabitants of the peninsula were under the political control of hereditary sultans and made their way as subsistence farmers organized in a number of small villages called *kampungs*. As noted by Nagata (1981), there was no real sense of common ethnic identity among members of the different sultanates, although they were united by their common adherence to Islam. It would be easy to characterize the emergence of cultural solidarity among Malays as a consequence of the introduction of an ethnically distinct community, in this case the large numbers of Chinese and Indians, but this hypothesis fails in one important respect. Chinese have lived in the Malayan peninsula since about 1400 and Indians arrived in the late nineteenth century (Freedman 2000), yet the development of a common myth of Malay descent only emerged in the mid-twentieth century. This is not to say that the presence of an ethnic "other" was not an important component driving the creation of Malay unity, but rather that it is not a sufficient explanation. To understand this it is important to more closely examine both the gradual development of Chinese economic dominance and the ways that British colonial policy created an opportunity for elites from the disparate Malay communities to forge a common myth of indigeneness.

The Chinese presence in the Malayan peninsula resulted from several waves of immigration that occurred over five centuries, although the largest influx only took place after the arrival of the British. The first Chinese arrived in the early fifteenth century and settled in the straits on the western side of the peninsula. Initially, the Chinese occupied themselves with agriculture, regional trade, and tin mining. With the expansion of the colonial economy under the British, many thousands of Chinese migrated to Malaya in order to take advantage of new economic opportunities. For their part, the colonial authorities were happy to let the Chinese immigrants satisfy the demand for labor. The British viewed the largely rural Malays as being "culturally unsuited" to labor in the modern economic sector (Esman 1994; Ganguly 1997) and cooperated with the myriad Chinese social

organizations in an effort to develop the colonial economy. In particular, the Kapitan Cina, an organization of different Chinese society heads with ties to Malay chiefs, was used to help keep the peace in Chinese communities and develop the tin mining sector.

As Gomez (1999) notes, the Chinese were motivated to maintain strong social organizations partly as a consequence of the indifference the British expressed when dealing with non-Malay groups. The absence of any viable financial infrastructure compelled the Chinese to rely on intra-ethnic social groups as a means of raising capital for economic ventures. This is not to say that there were few incentives for Chinese to migrate to Malaysia. The expansion of the colonial economy generated tremendous opportunities to which the Malays did not respond. The Chinese who migrated to the peninsula forged what both Esman (1994) and Gomez (1999) term a “frontier mentality” characterized by tight, almost xenophobic intra-ethnic organization and a willingness to develop economic enterprises where the largely rural Malays were hesitant to expand. By the late nineteenth century, Chinese business interests were substantial, particularly in urban and peri-urban areas, where organizations such as the Fujian Association and Guangdong Association became linked with the prominent families who ran small to medium-sized businesses.

Significantly, Chinese economic activity tended to revolve around urban trade and tin mining. Chinese laborers tended to demand high wages and were considered difficult to manage by colonial officials, greatly impeding Britain’s desire to establish a plantation agriculture system in Malaya. In the years following the creation of the Resident system the British introduced policies aimed at developing a private land tenure system with the hope that this would promote a successful agricultural export economy. At the same time, colonial officials faced a dilemma. Under the terms of the Pangkor Treaty, and as a consequence of Britain’s desire to use indirect rule under the Malay sultans to govern the colony, traditional Malay rulers retained control of issues related to the Muslim religion and Malay custom (Esman 1994). This included the protection of traditional social institutions that tended to keep Malays linked to subsistence agriculture. Beyond this, most Malays were reluctant to leave the *kampungs* with their attendant socio-economic security and move to either the emergent plantations or to the tin mines. The British responded to this by importing Indian labor, although the terms of indenture for Indians in Malaysia were much less enticing than they were for the Indians in Fiji.

The upshot of these policies was that by 1911, the year of the overthrow of the Qing Dynasty in China, Malaya was a plural society in every respect of the term. Malays comprised 58.6 percent of the population, while Chinese represented about 30 percent of the total. The 240,000 Indians comprised about 10 percent of the colony’s total population (Gomez 1999). Further, consistent with the plural society theories advanced by Furnivall and Smith, the colonial enterprise had created a rather obvious division of labor, with

the Chinese forming the core of the emergent urban business and industrial class and the Malays concentrated either in subsistence agriculture or the civil service. The Indians, despite some participation in urban trade and money-lending, tended to be involved primarily in plantation agriculture. The British provided considerable opportunities for members of the Malay elite to acquire education and assume posts in the colonial bureaucracy, a pattern that Esman (1972; 1994) and Horowitz (1985) suggest may have helped generate a more developed sense of political privilege when negotiating for independence. At the same time, Britain's political and economic subsidization of the Malay elite did little to encourage any sort of entrepreneurial incentive among the Malay community more generally.

In part, this was by design. The British wished to keep the Malays attached to the rural economy and away from potential competition with plantation owners. Further, by keeping Malays in their respective villages and reservations, the British could more easily rule the colony indirectly. A number of policies were enacted to achieve these ends. As some Malays tried to move into rubber production in the early twentieth century, the colonial government passed laws that raised land taxes on cultivators who produced rubber instead of food products. The British also passed the Malay Reservation Act (1913) and the Land Enactment Act (1917) which preserved specific lands for Malay *kampungs* in much the same way as the Deed of Cession in Fiji set aside lands for the indigenous Fijians. Hing Ai Yun (1984) argues that the introduction of these laws, despite their professed intent to protect Malay culture, had the effect of ghettoizing Malay peasants and keeping them further detached from the modern economy. As a result, the Chinese, who were relatively less regulated than their Malay neighbors and were deemed a critical part of the colonial economy by the government, advanced their economic position over the course of the early twentieth century, much to the growing concern of the Malay elite.

At the same time, the British were increasingly concerned about the rise of Chinese nationalism, particularly after the fall of the Qing Dynasty in 1911. Given that the British had generally given Chinese residents a free hand in terms of educating their children, there were fears that this leniency might allow the promulgation of anti-British sentiments (Freedman 2000). In part, this was the result of the colonial government's general disregard for issues related to Chinese and Indian education. Even into the twentieth century, the British considered the Chinese and Indians to be temporary residents who would gladly return to their countries of origin when their economic services were no longer needed. Thus, while the British saw fit to provide education for a select class of Malays in order to ensure adequate staffing of the colonial bureaucracy and to satisfy moral concerns about teaching their colonial subjects a more "civilized" form of administration, they saw little reason to extend the same benefits to Malaya's other ethnic communities (Ganguly 1997). As a result, the unregulated Chinese schools

increasingly dedicated large parts of their curriculum to the principles of Sun Yat-sen's nationalist movement, particularly after the Chinese government established the Bureau of Education and an Overseas Education Commission in 1927. These organizations supplied money to Chinese diaspora schools and sent inspectors to verify the nationalist content of Chinese education. Over the next decade, the British tried with mixed success to limit the pernicious effects of nationalist Chinese schools by introducing a series of laws aimed at controlling educational content. Malay elites were equally disturbed by the new strain of nationalist Chinese rhetoric, although these fears had less to do with any of the socialist underpinnings of the Chinese medium schools. Rather, Malay elites saw the invigorated sense of Chinese cultural unity as a threat to Malay privilege, particularly given the already dominant position the Chinese held in the colonial economy.

Interestingly, with the Japanese takeover of Malaya during World War II, it was the Chinese who organized the only viable resistance. The fleeing British did little to endear themselves to indigenous elites, razing cities like Jesselton during their escape and failing to provide appropriate protections to their Malay allies. The Chinese-dominated Malaysian Communist Party (MCP) launched a vigorous guerrilla warfare campaign against the Japanese who responded with the brutal repression of the Chinese community. Approximately 5000 Chinese were tortured and killed by Japanese occupation forces and many thousands more were put into forced labor. The MCP and its military wing, the Malayan Peoples Anti-Japanese Army (MPAJA), scored a number of military victories using British technical aid and weapons, but was generally no match for Japanese forces who inflicted severe casualties on the Chinese leftists.

The indigenous Malays, in contrast, generally collaborated with the Japanese occupation forces who allowed them a considerable degree of independence to run their own affairs. Beyond this, the Japanese took advantage of latent intergroup tensions and organized a number of Malay militia groups to help combat the MPAJA. Malay nationalism also benefited from Japan's occupation to the extent that the occupiers tolerated the development of pan-Malayan identity in ways that the British did not. Further, given the relative ease with which the Japanese forced the British to flee Malaya, the image of British superiority evaporated, giving Malay elites all the evidence they needed to justify their own ambitions for an independent Malayan state built on indigenous political symbolism. In particular, Malay elites came to believe in the need to politically insulate the dominance of the indigenous "sons of the soil" or *bumiputera* (Esman 1994) in the face of an economic and political threat from the sojourning Chinese and Indian communities. These Malay elites, much like the British before them, continued to preserve the polite fiction that the non-Malay population was simply a temporary aberration and not a diaspora community that had set permanent roots in Malaya.

When the war ended, the British returned to a vastly different political

landscape. First, the Malays were clamoring for an independent state that would prioritize Malay interests and symbols. At the same time, both Malay and British elites recognized the difficulties imposed by such an ethno-nationalist ideology. Specifically, any independent Malayan state needed the Chinese to feel relatively secure since the economic security of the state would be imperiled should the Malays prove too eager to put forward their ethnic symbols and deny non-*bumis* a seat at the table. In addition, the British had to reconcile competing tensions within the Chinese community. On one hand, the MCP refused to disband and continued to fight against the colonial government, going so far as to maintain a parallel administration in the years immediate following World War II (Freedman 2000). The British and Malays vigorously fought the intransigent MCP forces in a conflagration known as “the emergency.” At the same time, the British never forgot that it was the Chinese who organized the resistance against the Japanese and were keen to protect the interests of the conservative Chinese elements that played such an important role in the colonial economy. Moreover, British colonial authorities had little love for their Malay “allies” who had so willingly collaborated with the Japanese (Esman 1994).

As a consequence of these new realities, the British faced a dilemma in the postwar period. The Colonial Office recognized the need to move towards independence but was fearful of a future state dominated by Chinese communists. Hence the MCP had to be eliminated before any prospect of independence could be considered. Further, the British wanted to provide appropriate safeguards to conservative Chinese elites in order to ensure both the continued economic success of the colony (critical, given Britain’s extensive investments in Malaya) and to reward them for their resistance to the Japanese. Conservative Chinese elites, eager to prove their loyalty to Malaya and condemn the communist insurgency, formed the Malayan Chinese Association (MCA) in 1948, primarily as a means to advance Chinese interests in the independence process. A conservative organization closely linked to wealthy Chinese business interests, the MCA had little regard for the MCP and its left-leaning sympathizers, and proved more than willing to cooperate with the British and moderate Malay leaders to craft an independence bargain that would preserve the economic position of the ethnic Chinese (Esman 1994; Freedman 2000).

The MCA emerged in a political environment rife with ethnic tensions. In large part, the polarized atmosphere was the result of Britain’s proposed model of a negotiated independence settlement. Introduced in 1946 and dubbed the “Malay Union,” the proposal essentially removed the special status of the *bumiputera* population and granted equal rights to non-Malays. Citizenship, not *bumiputera* status, would be the highest level of political membership. Moreover, Singapore would be incorporated into the new federation, thereby making Chinese speakers an absolute majority. Malay resistance to the proposal was swift and assertive. For the first time,

Malay elites were able to mobilize large segments of the rural population to agitate for special privileges for the *bumi* population in the name of pan-Malay identity. Dozens of Malay organizations coalesced to form the United Malay National Organization (UMNO), a political group dedicated to the preservation of Malay status.

In the face of such unexpected Malay resistance, the British abandoned the Malay Union scheme in 1948 and replaced it with a federation in which the Malay population would retain their special position, although non-Malays were granted citizenship rights provided that they had been residents of Malaya for at least five years and were competent with either Malay or English. Singapore would also be left out of the new federation, further protecting the numerical majority the *bumis* enjoyed. Beyond this, the position of head of state would revolve around the nine sultans of Malaya's different provinces, demonstrating the special status of Malay symbols in the new political structure (Ganguly 1997; Crouch 1996).

Predictably, non-Malays were unimpressed with the new federation, but they generally acquiesced to the extent that their citizenship was ensured and their economic success was not imperiled (Means 1991). Non-Malay willingness to accept the terms of the federation proposal was also enhanced by the fortuitous emergence of multi-ethnic electoral cooperation among the three principal ethnic communities in the 1952 Kuala Lumpur municipal elections. Dubbed "the Alliance," this electoral coalition emerged as part of a bargain among UMNO, the MCA, and, several years later, the Malayan Indian Congress (MIC). As Harold Crouch (1996) notes, the Alliance initially developed as a means for the exclusively ethnic UMNO and MCA to corral their constituencies' votes in the face of pressures from overtly multi-ethnic political parties. The success of the Alliance in the municipal elections spelled doom for future multi-ethnic parties in Malayan politics and essentially established a compartmentalized party system where voters were organized along ethnic lines. The Alliance structure also placated the British, who were reluctant to leave Malayan sovereignty in the hands of an exclusively Malay party. In the first federal elections in 1955, two years before independence, the Alliance won 51 of the 52 seats it contested. Malays, who comprised only 49 percent of the population but represented 80 percent of the eligible electorate, were clearly needed by MCA and MIC candidates who wished to remain competitive in their respective districts (Gomez 1999). Hence the Alliance model was built around a combination of ethnic compartmentalization and a high degree of moderate elite bargaining.

The Alliance formula introduced what has been termed the grand bargain of Malayan (later Malaysian) politics. This bargain found explicit recognition in the Malaysian Constitution of 1957, a document largely drafted by elites from the Alliance's constituent parties. Specifically, the privileged status of the *bumiputera* was not to be questioned. All symbols of the state were to be Malay in character and the state could take definite steps to raise the economic position of the comparatively poorer Malay

majority. Moreover, Islam was recognized as the official religion of the state, although non-Malays were free to practice their respective faiths. In return, non-Malays would be granted full citizenship, no small accomplishment considering the vitriolic rhetoric many in UMNO had used in the years following the announcement of the Malay Union plan. The bargain also implied that the Chinese community would be allowed to retain their economic resources with little fear of expropriation from the state (Couch 1996; Ganguly 1997; Freedman 2000).

In Chapter 5 I will further elaborate on the structure of the Alliance model, its failure in the 1969 parliamentary elections, and its replacement with a more rigidly compartmentalized model after 1971. At this point, it is probably sufficient to note that the years after World War II saw Malay identity coalesce around a perceived social status that made indigenouness, not formal citizenship, the highest level of social belonging. This *bumiputera* identity, much like the Fijian conception of the *taukei*, emerged first as a set of informal social institutions that identified a *bumi* according to religion, custom, and to a lesser extent language. As Shamsul (2004) notes, the *bumiputera* identity was only formalized in public policy following the riots of May 1969, a watershed incident that will be fully explored in a later chapter. What is critical is that there existed a powerful set of cultural identifiers that differentiated Malays from non-Malays long before the Malaysian government chose to formalize such distinctions. Significantly, *bumi* status was determined by one's faith as a Muslim and adherence to *adat*, a type of customary law overseeing a whole range of social and economic activities. As will be noted in Chapter 5, however, this definition of indigenouness, and difficulties translating it into constitutional terms, have continued to bedevil efforts at nation-building in Malaysia.

Conclusion

The cases of Fiji and Malaysia share important similarities. In both cases, there is little evidence that the communities who would later claim to be indigenous consistently saw themselves as culturally homogenous groups. In Fiji especially, inter-tribal warfare was a persistent problem prior to colonization and even today divisions between eastern and western chiefly groups cleave the supposedly united indigenous population along racial lines. Nevertheless, the colonial experience transformed conceptions of ethnic groups by forging new imagined communities defined by indigenouness (Tan 2001). Both the Native Land Trust Act in Fiji and the Malay Reservation Act and Land Enactment Act in Malaysia reflected colonial initiatives to formalize such perceptions. Beyond this, the introduction of non-native groups in order to create viable labor pools further created the basis for future ethnic differentiation, particularly to the extent that the British took steps to keep indigenous communities out of the modern economy.

It was in such an environment that the informal perceptions of indigenous privilege first took root. In both Fiji and Malaysia, we observe the emergence of norms of privileged status as a response to growing fears of minority domination (Norton 1977; 2002; Tan 2001). Consistent with instrumentalist theories of ethnic mobilization, the first to respond to the colonial enterprise's new incentive structure were group elites. In both cases, immigrant groups (Indians in Fiji and Chinese and Indians in Malaysia) were the first to form ethnic interest groups primarily as a means to advance their economic and cultural goals. Such instrumental mobilization did little to diminish the perception that immigrant communities were nothing more than sojourners with no sense of loyalty to their new home. Consistent with the case studies presented earlier, and as both Aguilar (1999) and Tan (2001) note, this helped to fuel the further political marginalization of immigrant groups despite citizenship laws that were based on *jus soli*, as opposed to *jus sanguinis*, principles. It further implied that while citizenship was guaranteed to members of the indigenous community as a result of natural right, becoming a citizen was a privilege for immigrants to be given only on the terms of the indigenous group. As Tan (2001: 958) notes:

citizenship for the ethnic Chinese in Indonesia and Malaysia gives only a nominal identity of belonging. This identity as a citizen is subservient to the *bumi* identity – the latter being consciously propagated as part of the national identity much to the exclusion of non-*bumiputera* attributes.

As far as the professedly indigenous communities in both Malaysia and Fiji were concerned, citizenship in the political system would be given to immigrant groups only in exchange for their abandonment of claims to political power.

Hence, informal institutions emerged in the form of norms and shared understandings between ethnic communities. The essential feature of the ethnic bargains struck in both Fiji and Malaysia gave the Indians and Chinese citizenship, but insofar as these groups eschewed any claim to political primacy in the future. To the extent that elites could maintain the image of consociationalism and minimize the threat posed by opposition parties, which accused the elites of selling out, inter-ethnic peace was maintained. As will be seen in later chapters, this is virtually impossible to accomplish. At the same time, it would be incorrect to suggest that the British created systems of ethnic domination through conscious choice. Indeed, as Norton (1977; 1990; 2002) notes, the British Colonial Office repeatedly tried to guarantee political equality for Indo-Fijians. Most significantly, this included initial proposals for a common-roll electoral system that would have given Indo-Fijian parties a significant advantage at the polls. Similarly, Britain's Malayan Union proposal significantly enhanced the political position of Chinese and Indian groups by providing guarantees for equal

citizenship and political participation. As previously noted, however, indigenous responses to these proposals were swift. Faced with the choice of maintaining its increasingly unprofitable colonial enterprise or seeking a negotiated settlement that would allow immigrant communities at least some political role, the British chose to acquiesce to indigenous, albeit moderate, demands.

The upshot of these developments was that the immediate post-independence political environments of both Fiji and Malaysia had to reconcile exclusionary principles of political membership with formal institutions of governance that were, at least technically, predicated on democratic values. As will be discussed in the next chapter, the degree to which formal political institutions can credibly negotiate this balance goes a long way to determining the overall likelihood of sustained inter-ethnic peace.

3 A theory of conflict and cooperation in counterbalanced states

In this chapter, I lay out my main theory of inter-ethnic cooperation and conflict in counterbalanced countries. I will argue that stability rests on a difficult equilibrium that balances the political security of a moderate indigenous elite, while at the same time providing for some degree of inclusion for members of the economically dominant group. The extent to which this stability can be maintained is contingent on how political and economic institutions can reduce the credibility of outbidding claims by more extreme elements of the politically dominant indigenous community, the ethnic community most likely to initiate ethnic violence. Specifically, I look at two main classes of explanatory variables: constitutional rules about the structure of government, and economic policies that redistribute wealth. Momentarily, I will explain how specific alignments of these variables inform the likelihood of conflict or cooperation.

Counterbalanced countries and incentives for conflict and cooperation

In Chapter 1, I defined counterbalance as occurring when one ethnic group claims political dominance while another ethnic group controls the majority of economic assets. This configuration of social roles is informed by the presence of ethnic myths or histories that specify which group is indigenous, and therefore deserving of privileged social position, and which group is an ethnic stranger, and therefore expected to assume a politically subordinate role. Such myths manifest themselves in the form of ethnic bargains that stipulate a special position for indigenous communities, typically by giving them priority in the political system. In return for their acquiescence economically dominant groups are given free rein in the economy and are provided with assurances that their cultural markers will be respected.

As discussed in Chapters 1 and 2, we might initially expect such an arrangement to produce at least minimal incentives for inter-ethnic cooperation since both groups can benefit greatly from sustained peace. Politically dominant indigenous groups need the tax revenues and welfare benefits produced by a well-functioning economy. Similarly, economically successful

groups require a government that can provide property rights, an independent judiciary, and laws that are conducive to continued growth. Finally, it is rarely in any group's interest for violence to break out given the costs of conflict.

At the same time, however, counterbalance produces very strong incentives for members of different ethnic communities to outbid one another. Recall that indigenous groups almost universally view control of political institutions as a non-negotiable property, a position which is reinforced by ethnic histories. For members of these communities, control of the state is synonymous with the protection of language, custom, and culture. Very real issues of group survival are at stake for members of professedly indigenous groups (Horowitz 1985). Beyond this, these groups often had the support of former colonial powers that viewed self-determination as an inalienable right for indigenous communities in their own countries. When faced with an economically aggressive immigrant community, control of political institutions becomes even more critical to the extent that indigenous groups need to catch up with other ethnic groups.

Economically dominant groups, on the other hand, face different pressures. These communities require credible commitments from political actors that their wealth will not be confiscated, that their rights will not be violated, and that they will not be subject to undue harassment. Much like indigenous groups, immigrant communities were given a degree of protection and validation by colonial powers. These groups were seen as being critical to the future success of the postcolonial state since they possessed the resources and knowledge necessary for economic growth.

Again, I do not assume that members of the respective ethnic communities have homogeneous preferences. The idea of coherent ethnic communities united by a common political vision may make for easier social science, but it does not conform to reality. Different members of professedly indigenous communities, for example, may have very different perceptions of how inter-ethnic bargains should work in practice. This suggests that, in some ways, inter-ethnic tension in many plural societies may be a result of intra-ethnic divisions. When an ethnic community has multiple political parties representing its diverging interests, outbidding is a normal result as more extreme parties attempt to draw support away from moderates in their own community. Indigenous groups, fearing they are being bought out of their own country, may have little incentive to create an atmosphere that is conducive to growth and investment. Moderate members of the politically powerful indigenous community face strong pressure from more extreme factions to tighten the screws in order to preserve political control and begin to level the economic playing field. Any concession granted to the economic group is viewed as betrayal (or at least described as a betrayal to constituents). Economically dominant groups, on the other hand, have little reason to accept the commitments of political actors who are subject to outbidding pressures. This puts pressure on economic groups

to solve their own problems, often through political mobilization and attempts to acquire sufficient political strength to minimize the threat of expropriation or harassment. Obviously, this produces a spiraling effect since more extreme factions of the indigenous community can use the economic group's mobilization as evidence that their fears are justified.

As noted already, important historical examples of disintegration or violence in such societies (e.g. Uganda, Indonesia, Fiji) show that counterbalance is not in itself enough to maintain cooperation. The attempted overthrow of the government in Fiji and the economic collapse of Zimbabwe highlight the inter-ethnic dynamics that can lead to tensions in counterbalanced countries. In the Fijian case, nationalists under the leadership of George Speight used Indo-Fijian dominance of the economy and the prominence of Indo-Fijians in the national government as justification to hold government leaders hostage for several weeks in the spring and summer of 2000. One of Speight's concerns, shared by many Fijians, revolved around the fear that the large Indian population which already dominated the economy, would inevitably attempt to dominate a political system that many Fijians see as their sole preserve. Such tensions were used to legitimate two coup attempts in 1987 and provided justifications for short-lived constitutional reforms that barred citizens of Indian descent from holding the office of prime minister.

The well-documented state failure of Zimbabwe also reflects inter-ethnic tensions inherent in counterbalanced cases. White farmers and the Ndebele workers who dominate the agricultural sector have historically provided the backbone of the Zimbabwean economy. At the same time, the Shona-dominated government has used threats of land seizures to mobilize political support, particularly following economic recession in the 1990s. Beginning in 1999, Mugabe's ZANU-PF party has endorsed a policy of rank expropriation of white-owned farms. In addition to widespread political opposition, these seizures have resulted in the collapse of the Zimbabwean economy. The Zimbabwe case represents an extreme example of the failure of a counterbalanced case. Economically dominant minorities are demonized as exploiters and their property is confiscated as a tool of political mobilization.

Proposed theory

In this project, I argue that ethnic peace is likely to be maintained when inter-ethnic bargains are not subject to quick or radical change. That is to say that moderation is achieved when indigenous groups feel that their position is secure and that they are not exposed to economic and political domination. The conditions under which these bargains fail are twofold. First, economic groups can begin to clamor for more political power and can organize to that end. In some cases, notably Fiji in 1987 and 1999 and Bolivia throughout its independent political history, economic groups can gain

sufficient political strength to become a critical force in the legislative process. An economic group need not gain political power, however, in order to violate the terms of the ethnic bargain from the perspective of the political group. Simply mobilizing to oppose the bargain can be sufficient to cause politically dominant indigenous groups to crack down and repress economically dominant minorities. Such actions are consistent with theories of conflict that stress the zero-sum character of ethnic myths and hostilities (Kaufman 2001).

A second source of bargain failure occurs when political groups become dominated by extremists who advocate the expropriation of the economic group's wealth. Under such a scenario extremist politicians may successfully outbid more moderate members of their own ethnic group, thereby generating sufficient electoral support to get elected. In response to expropriative policies economic groups have few alternatives. In some cases they may respond aggressively to such programs (Indonesia, Sri Lanka), they may do nothing at all and hope for better administration in the future (the response of many, though not all, Indians in Fiji), or they may exit the economy entirely (whites in Zimbabwe, many Russians in Kazakhstan). In any case, the economic viability of the country is usually damaged, often irreversibly, as the Ugandan case so amply demonstrates.

By considering these two sources of bargain failure together it is possible to develop a theory that accounts for the variation in ethnic conflict among counterbalanced cases. This theory has two broad claims, with a number of testable hypotheses derived from each part.

Political institutions and indigenous privilege

First, I argue that political institutions that insulate the political authority of the politically dominant group without fully alienating the economically dominant group tend to produce more stable long-term outcomes than institutions that allow the economically dominant group to encroach on the political sphere. Clearly, this can be a difficult balance to strike. This can be accomplished in different ways, but typically requires some form of multi-ethnic alliance that includes economically dominant minorities in some form of grand coalition dominated by the indigenous group. The key to such coalitions is that they be inclusive, yet not too inclusive. Economic groups can participate, but only on the terms of indigenous parties. Although they have a seat at the table, they cannot veto policy and they are expected to acquiesce to the dominant indigenous party. Although this illiberal notion of political participation is not particularly equitable, I argue that it both reduces extremist claims about ethnic domination by economic groups and provides some degree of security for economic groups concerned about the loss of their economic assets. Thus, I expect that multi-ethnic coalitions dominated by parties of the indigenous ethnic community, but that include minority economic groups in some limited fashion, are more likely to

produce inter-ethnic peace than governments solely consisting of one ethnic group.

Democratic electoral institutions may or may not be conducive to stability. As I argued in Chapter 2, as long as political issues are defined along ethnic lines democratic institutions can never truly guarantee inter-ethnic peace, since the rules of democracy are insufficient to enforce the norms underlying inter-ethnic bargains. At the same time, modern states are under strong pressures to at least maintain the image of democratic practice. The extent to which such institutions can insulate indigenous political dominance is contingent upon the manipulation of rules governing district apportionment and delimitation in order to achieve certain outcomes, taking into consideration different demographic features. Consequently, we might expect that electoral systems that overrepresent constituencies dominated by the political group are more likely to maintain inter-ethnic peace than electoral systems that distribute representation more equally among all groups. According to this logic, democratic institutions can be manipulated to more credibly ensure that ethnic hierarchies can be maintained.

Democratic institutions can only be expected to do so much. Again an important assumption underlying this book is that ethnic myths of indigeneness make truly multi-ethnic governance difficult to achieve. Indigenous political elites are perpetually aware of perceived risks to the political and social status of their communities as a means of mobilizing political support. Two specific scenarios can greatly impede the likelihood that democratic institutions will insulate indigenous privilege. One is structural and the second is political. First, as the population of the economic group increases, the likelihood of inter-ethnic conflict also increases to the extent that electoral systems cannot fully insulate the dominance of the political group. While apportionment and district delimitation can reasonably be expected to strengthen the hand of some groups relative to others, the effectiveness of such strategies is imperiled as non-indigenous communities increase in size.

A second issue pertains to the political and social homogeneity of indigenous ethnic groups. The more politically fragmented the indigenous political group, the less likely it will be to maintain dominance, thereby increasing the likelihood of future inter-ethnic conflict. This risk is particularly high when indigenous symbols fail to adequately bind co-ethnies into common political parties. Differences over ideology, region, clan, or class, while rarely as potent as purely ethnic appeals, have the power to make critical divisions within ethnic communities more salient. When such divisions become increasingly salient the capacity for indigenous ethnic parties to present a unified front is reduced, thereby potentially upsetting ethnic hierarchies, provided that non-indigenous and economically dominant communities are not riven with comparable divisions.

Redistribution and limits to outbidding

The insulation of the indigenous political hierarchy is but one facet of the puzzle. As previously noted, outbidders can appeal to indigenous voters by exploiting differences in economic status. Consequently, moderates must find ways to minimize the utility of economic appeals, most likely through affirmative-action policies. I argue that inter-ethnic peace is most likely to be maintained if the politically dominant group implements programs to address their economic subordination without destroying the economy or blatantly expropriating from the economically dominant group. The implementation of these programs is necessary because they minimize the effectiveness of outbidding strategies by more extreme parties. I argue that by placating the constituency of the politically dominant group, outbidding strategies will be less successful because members of the politically dominant indigenous group will have less incentive to risk the status quo. As discussed in Chapter 2, Esman (1987) provides a useful framework that highlights the elements of such a strategy. He includes six main policy instruments that can address economic inequalities while not sacrificing the performance of the economy. These instruments include the expansion of higher education opportunities for members of the economically disadvantaged group, language laws that favor the language of the politically dominant group, government jobs that provide employment opportunities, increased funds for state economic enterprises, economic incentives that promote economic ventures by the politically dominant group, and preferential hiring practices in private industry (1987: 410–12).

Ultimately, the presence of affirmative-action programs¹ should lead to an increase in the strength of moderate political parties from the politically dominant indigenous group, since the electoral utility of outbidding strategies employed by extremists is minimized. Again, it is important to stress the distinctions between affirmative-action programs based on a regulated set of redistributive policies on the one hand, and confiscatory policies that essentially deprive economically dominant minorities of their property on the other. Inter-ethnic peace is more likely to persist as long as both economic and political groups experience the benefits of economic growth. If either group, but especially the political group, experiences a significant and protracted decline in economic strength inter-ethnic conflict is likely to result.

Finally, both Crouch (1996) and Esman (1987; 1994) note that many redistributive programs tend to be tolerated (and occasionally supported) by economic groups because these policies do not diminish their overall economic strength or ability to produce. In part, these scholars suggest that this is because the continued growth of the national economy produces an ever-growing amount of social largesse to be divided among social groups. According to this argument, a declining national economy reduces the available sources of wealth for redistribution, thereby increasing the likelihood

that political groups will encroach further on the economic assets of economically successful minorities. Thus inter-ethnic peace is less likely to persist when the national economy faces a recession or downturn that limits the resources available for redistribution.

The upshot of this theory is that peace is secured not simply when indigenous groups dominate the political system, but more accurately when moderates from the indigenous group dominate the political system. Moderates face a stern challenge from members of their own community who may accuse them of accommodation in the face of an ethnic threat, thereby compelling moderates to pursue hard-line policies. Only the combination of political institutions that insulate the indigenous community and redistributive programs that mollify the perceived economic imbalance can minimize this extremist threat. Again, economic groups cannot be excluded from the political system. I argue that semi-consociational coalitions dominated by indigenous moderates that include political elites from the economic group should prove more effective at conflict resolution than systems that totally exclude economic groups, particularly in terms of generating incentives for economic investment.

A spatial model of cooperation and conflict and implications of the theory

Table 3.1 provides a useful method of examining the hypothesized relations between groups given varying levels of political influence of the economic community and varying levels of economic redistribution. I label the economic group as Group E and the politically dominant indigenous group as Group P. Group P is further divided into moderate (P_M) and extremist (P_X) camps. The two parameters provide a rather simple, yet effective, encapsulation of the theoretical dynamics governing conflict management. On one side we observe a redistribution rate that is divided into three categories. This redistribution rate can be conceived as some level bounded between 0 and 1 that defines the amount of resources expropriated from the economically dominant group. This definition is broad in the sense that it not only includes formal tax codes but also factors in policies that are explicitly aimed at evening the playing field. The bottom row indicates that there are few redistributive programs aimed at alleviating inter-ethnic economic disparity. In each of these cases outbidding pressure from more extreme elements of the indigenous community can raise inter-ethnic resentment. The middle row indicates a set of scenarios where the government has implemented a series of affirmative-action programs aimed at developing the economic skills of the indigenous community without imperiling the position of the traditional economically dominant group. The top row indicates those cases where governments have gone well beyond simple redistribution and have engaged in nationalization programs that completely expropriate the wealth of economic groups.

Table 3.1 Two-dimensional parameter space: representation and expropriation

	<i>Group E has minimal political access</i>	<i>Group E sits in government, cannot veto</i>	<i>Group E dominates political system</i>
	<i>Region 1</i>	<i>Region 2</i>	<i>Region 3</i>
Assets are nationalized	<ul style="list-style-type: none"> • Group <i>E</i>'s wealth is taken and has minimal presence in formal institutions of government • Group <i>E</i> exits economy and/or country. Economy fails • Uganda under Idi Amin, Zimbabwe in 1990s 	<ul style="list-style-type: none"> • Group <i>E</i> has some capacity to influence policy but is heavily taxed • Group <i>E</i> lobbies for change in economic policy or threatens exit. This region is unstable and should move to Region 1 • Uganda in 1990s 	<ul style="list-style-type: none"> • Group <i>E</i> has dominant, or at least critical, role in government and is highly taxed • Group <i>PX</i> successfully outbids Group <i>PM</i>. This region is unstable and moves to region 9 • No observed cases
	<i>Region 4</i>	<i>Region 5</i>	<i>Region 6</i>
Affirmative action programs are enacted to reduce the economic gap	<ul style="list-style-type: none"> • Affirmative action aimed at reducing gap. Group <i>E</i> lacks any real political influence • Group <i>E</i> fears political domination; Lobbies for more political representation. Group <i>PX</i> lobbies for higher tax rate to reduce economic inequality. Generally stable • South Africa under Mbeki 	<ul style="list-style-type: none"> • Economic programs reduce gap. Group <i>E</i> has some level of voice • Group <i>PM</i> defeats Group <i>PX</i> and outbidding is less successful. Peaceful equilibrium between groups • Malaysia, South Africa under Mandela 	<ul style="list-style-type: none"> • Group <i>E</i> has dominant, or at least critical, role in government • Outbidding by <i>PX</i> is a successful strategy since Group <i>E</i> has too much political and economic power. Group <i>PM</i> under intense electoral pressure, either acquiesces to more extreme position or risks electoral loss • Fiji in 1987, 1999
	<i>Region 7</i>	<i>Region 8</i>	<i>Region 9</i>
Very little redistribution or affirmative action	<ul style="list-style-type: none"> • Group <i>E</i> lacks political voice through formal means but tax rate is low • Group <i>E</i> fears political domination but faces minimal expropriation. <i>PM</i> will face pressure to increase redistribution. Region 7 is unstable and moves towards region 4 or 1 as indigenous resentment builds • No observed cases 	<ul style="list-style-type: none"> • Tax rate is low and Group <i>E</i> has some capacity to discuss or influence policy • Minimal threat of violence but Group <i>PX</i> has incentive to outbid for higher tax rate. This region is unstable and will move toward region 5 • Zimbabwe in early 1980s 	<ul style="list-style-type: none"> • Group <i>E</i> has strong political influence and faces minimal expropriation • Group <i>PX</i> gains political strength and defeats <i>PM</i> and/or members of Group <i>P</i> revolt. Group <i>E</i> forced out of government. Economy fails as credibility dissolves • Zimbabwe under Ian Smith, Bolivia

The other side of the parameter space indicates varying levels of political influence for economic groups. Examples falling under the first column represent cases where the economic community is totally excluded from the political process. The middle column includes economic groups as junior members in multi-ethnic coalitions, yet retains the dominant political role of the indigenous community. The third column occurs when parties or leaders affiliated with the economic group dominate political institutions with no real participation by the indigenous group.

Regions 1 through 3 represent situations where governments have simply taken the wealth of economic groups. Region 1 illustrates the expected set of outcomes in situations where the economic group is largely excluded from the policymaking process and the government has initiated programs aimed at nationalizing or expropriating assets. In this case, members of the economic group have no incentive to invest and future economic growth is imperiled. Moreover, economic group members have little recourse to the law given their exclusion from the political system. In such a scenario, members of the economic group exit the economy and may leave the country altogether, to the detriment of the economy as a whole. Prominent cases of this scenario include present-day Zimbabwe where Robert Mugabe's ZANU-PF Party has engaged in widespread expropriation of white-owned farms and the political suppression of more moderate political parties. The expulsion of South Asians from Uganda under Idi Amin is another example of such a case. As described earlier, such cases result from the political ascendancy of ethnic extremists who play on both nested fears of political domination by non-indigenous groups and the resentment that builds from economic inequalities.

Scenarios like those in Regions 2 and 3 are unlikely to be observed in practice. In these cases, economic groups have their resources expropriated yet retain some degree of political power in government. This situation might potentially occur if nationalization policies had so completely eroded the economy that efforts at national reconciliation were made and members of the economic group were included in a multi-ethnic government. At the same time, empirical examples of such possible scenarios are rare.

Looking at Region 2, since the economic group has some influence in the policy process we can assume that Group P_M has dominance over more extreme factions of their ethnic group. Group P_M has an interest in maintaining a productive economy and, as a result, the expropriation rate is unlikely to remain overly high. At the same time, any effort to return assets to their rightful owners is fraught with severe consequences as the new owners of assets are likely to be disinclined to cooperate. Such a situation can be observed in Uganda today as the Museveni government has tried to convince many of the Indians expelled by Idi Amin to return to the country in order to help repair the damage inflicted by nationalization policies. Hence such a situation, while possible, is rare and unlikely to result in

inter-ethnic harmony, particularly since economic groups have few incentives to trust the government given past efforts at expropriation.

Region 3 represents a situation where economic groups have sufficient political power to readily change policy without the participation of the professedly indigenous group. Economic groups are assumed to desire inter-ethnic peace and realize that their domination of both political and economic sectors of society can jeopardize that peace. Just the same, the economic group faces a peculiar collective action dilemma in this scenario. Specifically, now that they have control of the political system, how do they avoid the temptation to drastically reduce the expropriation rate? I argue that they cannot. While it is in their long-term interest to keep the expropriation rate at some level that ensures the production of group benefits, the structure of institutional incentives makes the opportunity to lower the redistribution rate too enticing to pass up. Moreover, the domination of the economic *and* political spheres generates enormous inter-ethnic tension for the reasons discussed earlier. This gives Group P_x all the justification they need to engage in organized protests or violence. As mentioned earlier, this sort of scenario is highly unlikely to be observed in practice. It would be tantamount to observing white farmers in Zimbabwe taking over the political system.

When radical redistribution of wealth has occurred it is a fair assumption that economic groups are largely excluded from the political process. Hence we are more likely to observe cases that fall under Region 1. Economic collapse almost invariably accompanies any sort of nationalization program. Initially, any government brazen enough to simply take economic assets is rarely astute enough to see to it that qualified individuals are promoted into positions of management. Rather, nationalized assets are used to attract new political allies or as a means of enriching the ruling political elite. Second, one can make an argument that new owners are unlikely to have the knowledge and experience to appropriately manage newly acquired economic assets. Finally, the inability of governments to credibly commit to protect property rights in the future greatly limits the likelihood of future economic investment, either by domestic sources or by foreign corporations.

Regions 4 through 6 represent cases where the redistribution rate is sufficiently high to provide group benefit programs but low enough to provide credible incentives for the economic group to continue productive work. Following Esman (1987), I include a series of programs aimed at redressing the economic inequalities of the politically powerful indigenous community without despoiling the wealth of economic groups. These affirmative-action policy instruments include the expansion of education and training, the promotion of indigenous languages where there exists a traditional language difference between groups, hiring quotas for government jobs and state-owned enterprises, and financial incentives to encourage the development of an indigenous economic elite.

In Region 4, the economic group lacks sufficient political representation to quell fears of political domination and future economic exploitation. Exit by members of the economically dominant community is a possibility in this scenario, though some catalyst is required to expedite the process. Widespread violence and inter-ethnic conflict is unlikely in this scenario barring some sort of systemic shock. The presence of affirmative-action programs aimed at ameliorating the relatively weaker economic position of the indigenous community limits the utility of outbidding claims by extremists. The key destabilizing factor is the lack of political representation for members of the economic group.

Region 5 is the combination of factors that is most likely to lead to sustained inter-ethnic cooperation. In this scenario, indigenous moderates dominate political institutions and outbidding strategies are less successful since the presence of group benefit programs limits the credibility of extremist claims. Essentially, there is no major incentive for citizens to support extremists who promise to nationalize wealth, since affirmative-action programs already exist that can minimize the economic gap between groups. Although these programs may take more time to develop indigenous economic strength, they do so with far less risk to future economic performance. Moreover, parties affiliated with the economic group are included in the governing process, thus reducing the fears of long-term political domination by members of the economic group. Inter-ethnic cooperation is more likely to be maintained when these dynamics are present than in other scenarios since this equilibrium provides institutional incentives for moderate elements of each group to edge out more extreme elements.

Region 6, on the other hand, represents a dangerous scenario since the political authority of the indigenous community is put at risk. In such a context, outbidding strategies by extremists gain more strategic utility since members of the indigenous community more broadly see themselves as alienated from the political and economic institutions of their own country. Extremists can rather easily exploit ethnic myths of indigeness in order to mobilize political support. The potential for violence is further exacerbated by the likelihood that the new government, dominated by the economic group, will reduce group benefit programs aimed at the indigenous group. As I will argue in a later chapter, this is essentially what occurred in Fiji in 1987 and 2000, when extremists played on ethnic myths to inflame fears of ethnic domination by the country's Indo-Fijian population among indigenous Fijians.

The final sets of scenarios represent cases where there exist few redistributive programs that placate economically disadvantaged members of the indigenous group. It is in cases falling into these categories where we can expect economic resentment to be particularly high and extremist appeals based on the economic imbalance between ethnic groups to find fertile soil. Region 7 represents a situation where the lack of redistribution

is accompanied by a corresponding lack of political representation for economic groups. This region encompasses a range of potential cases, including classic middleman cases, where a largely disenfranchised minority dominates commerce (either regionally or nationally). Resentment in such scenarios can be high, especially when the economic gap between groups is pronounced. In such a scenario we might expect extremist calls for higher rates of economic redistribution, particularly when economic groups are not mere middleman communities (generally characterized by non-capital-intensive commerce), but dominate major industries such as farming or manufacturing.

In Region 8 economic groups have a degree of political representation in a coalition government yet there exist no redistributive programs to ameliorate the economic gap between ethnic groups. This scenario is generally expected to result in strong efforts by extremists to outbid moderates since the lack of economic redistribution can be used as justification when claiming that indigenous moderates are failing to address group imbalances. Although the likelihood of violence is low in this scenario, there exists the possibility that outbidding strategies can increase inter-ethnic tensions.

Region 9 is very likely to lead to inter-ethnic conflict since indigenous groups lack both political and economic strength. I suggest that such a scenario is likely to see indigenous intra-ethnic politics dominated by more extreme political elites to the extent that moderation is equated with selling out group interests or imperiling the culture of the indigenous majority. I argue that Rhodesia following Smith's unilateral declaration of independence reflected precisely the dynamics described here. Ethnic mobilization by the Shona and Ndebele ethnic groups was accompanied by a rise in the political authority of more extreme political actors such as Robert Mugabe. Should extremists be successful in their efforts it is possible that future inter-ethnic relations will be marked by efforts to politically repress economic groups and engage in large-scale redistribution, most likely in a manner detrimental to the economy.

Ultimately, we see that no situation is static. Scenarios change as ethnic groups respond to changes in political authority and the distribution of economic benefits. This explanation provides a useful way to understand the inherent complexity that accompanies the study of inter-ethnic relations, especially in countries where different groups control the political and economic systems of the state. Moreover, we observe that once a country experiences significant upheaval (Region 5 or possibly Region 4) it is very difficult for it to return to a stable equilibrium. This can help to explain repeated cycles of inter-ethnic violence in some countries, while other countries tend to avoid such violence altogether.

To reiterate: in any plural society it is impossible to avoid interaction between ethnic groups. This is especially true in systems characterized by the separation of political and economic dominance among groups. Economically dominant groups require formal legal structures and other

public goods provided by the state. Politically dominant groups require revenues generated by increased economic growth. What emerges is a sort of balance between groups. On one hand, this creates an incentive for inter-ethnic cooperation since both groups need each other. At the same time, however, there are incentives for some individuals to act in a manner contrary to the group interest. Leaders of extremist parties, for example, have an incentive to use the domination of the economy by another ethnic group as a means of mobilizing electoral support. The way institutions shape these incentives can act as a powerful force in preventing the breakdown of intergroup relations. At root, the inter-ethnic myths that specify which group should dominate government underlie the potential for future conflict. When the political dominance that is implied by such myths is imperiled, or when indigenous governments fail to use their power to adequately address economic subordination, extremists can activate latent inter-ethnic hostility through references to such myths. The key, then, is how institutions can effectively insulate indigenous moderate elites who are less likely to pursue strategies that expropriate wealth.

This implies the existence of multi-ethnic coalitions that include parties affiliated with the economic group in a clearly subordinate role to moderate indigenous parties. Why might the economically dominant group be willing to accept a subordinate role? There are several possible reasons. First, they may lack sufficient numbers to mount a credible electoral threat. As noted in Chapter 2, economically dominant communities are almost always in the minority, owing in part to colonial labor policies that kept their numbers down. Second, economic groups may be split among themselves and incapable of putting forth a unified front. Third, and perhaps most importantly, economic groups may see any attempt to wrest political control as likely to increase political instability, thereby endangering future economic security. This certainly appears to be true among a majority of middleman communities (Bonacich 1973; Horowitz 1985). This security might be more easily achieved when the balance between groups is maintained since it decreases the likelihood of ethnic outbidding by members of the politically dominant ethnicity. Milne suggests that equitable distributions of political power among ethnic groups can generate incentives for heightened tensions because it gives credibility to extremist grievances. Such credibility is lost when the professedly indigenous ethnic community faces no real threat to their political dominance. Equality entails uncertainty of electoral outcomes and creates a zero-sum mentality in the electoral process (1981: 172–3). This greatly increases the potential for outbidding by political entrepreneurs and thereby exacerbates inter-ethnic tensions. Since this puts economically dominant groups at risk of losing their assets should a more extreme group gain political power, moderation is typically a preferred strategy (Horowitz 1985: 210–11).

Given this assumption, what prevents politically dominant actors from arbitrarily expropriating rents from the economically dominant group or

taking their property altogether? First, the international outcry against such an egregious violation of human rights puts pressure on governments not to resort to expropriation. Second such a strategy risks economic collapse as both domestic and foreign sources of economic growth are imperiled. Economically dominant minorities can vote with their feet and exit altogether. Exit is defined broadly. Members of the economically dominant group can simply refuse to invest in resources that can be easily expropriated (and more conducive to growth) or they can leave the country altogether. This would most surely lead to the economic collapse of the state and would jeopardize the politically dominant group. Even short-term-focused politicians should want to avoid this outcome since it would lead to the immediate loss of revenues necessary for redistribution. Hence, it is less likely that outbidding will be a successful strategy for political entrepreneurs in cases where the politically dominant group's status in government is not sufficiently threatened. In such cases, members of the politically dominant group see less benefit from upsetting the status quo than if they were to continue to allow the economically dominant group to continue to prosper, thus allowing the group benefits of a well-performing economy to be distributed.

Economically dominant groups might be willing to tolerate the creation of some types of group benefit policies because, first, they may have little choice and, second, in the long run they allow more moderate elements of the politically dominant group to placate their constituents. This helps to reduce the likelihood that more extreme political entrepreneurs will be able to exploit the economic gap between groups. Thus economically dominant groups should accept a certain degree of government expropriation provided they are supplied with stable property rights and an atmosphere conducive to economic investment.

Incentives under the theory

I briefly made reference to the incentives that individuals face in this theory of political interaction in counterbalanced cases. Ultimately, members of both communities face potent collective action dilemmas that limit the utility of many institutional solutions to inter-ethnic conflict. Members of the politically dominant community should ostensibly have strong incentives to present a unified front since their coordination helps to ensure that the economic group does not assume political power. As discussed in previous sections, however, this rarely occurs since some elites always have an incentive to slightly outbid their intra-ethnic rivals. Thus, in the model, elites from the indigenous group (both moderate and extreme) can be their own worst enemy to the extent that outbidding strategies fracture the ability of indigenous groups to vote as a cohesive bloc.

Members of the economic group, in contrast, face an entirely different dilemma. On one hand, the theory predicts that the economically dominant

group will fare best under a government dominated by moderates from the indigenous community that allows parties affiliated with the economic group to participate in important, if subordinate, ways. In other words, these groups should support indigenous moderates and participate as junior members in some sort of multi-ethnic coalition, since this type of arrangement both assures the indigenous community of their primacy *and* gives economic group members a degree of confidence in government commitments.

Unfortunately, while this seems a rational response at the aggregate level, individual voters from the economic group have a dominant strategy to always vote for ethnic political parties from their own community, not for indigenous moderate parties. One reason for this is the uncertainty inherent in the electoral process. If some members of the economic group vote for moderates from the indigenous community, they run the risk that members of the indigenous community will vote for more extreme candidates, thereby increasing the risk of a government that will pursue more hard-line policies. Since this is the worst possible outcome for members of the economic group, members of this community have a definite interest in voting for ethnic parties from their own community. Horowitz (1985) argues that this is precisely the dilemma faced in many plural societies. Once one ethnic group begins to form ethnic parties, other groups must do the same or risk exclusion from the political process.

Second, and perhaps even more importantly, individuals are likely to face enormous social pressures to vote along ethnic lines. It is no revelation that party systems in many postcolonial states are dominated by ethnic cleavages. As Horowitz (1985) notes, once one ethnic community begins to vote along ethnic lines, other communities follow suit or risk permanent exclusion from the political process. Viable multi-ethnic parties organized along class or ideological lines are simply not competitive. As a result, social institutions, both formal and informal, exert their influence on group members to present a unified front. In Fiji, for example, indigenous Fijians are routinely pressured by both the chiefly establishment and the Methodist Church during elections. In fact, as at least one informed observer has noted, the opening speeches of a majority of successful parliamentary candidates in Fiji express gratitude to Methodist ministers who use the pulpit as a means of politically influencing their congregations.²

Inter-ethnic bargains and change

The inter-ethnic bargains I have discussed shape the expectations of political and economic actors in counterbalanced societies. If a party affiliated with the economic group gains political power, or if there are radical changes in the control of economic resources, these bargains begin to change. What happens when a tacit bargain erodes or cannot be maintained by the institutions crafted to enforce them? In other words, what happens

when a case moves out of a “stable” region of the parameter space described in Table 3.1? I argue that once a bargain is compromised political elites have two main choices. First, they can attempt to tinker with constitutional-level rules in order to fix what went wrong in the first place. Second, they can scrap the bargain altogether and restructure social institutions accordingly. Both of these strategies have particular problems.

The “tinkering” strategy accepts that the inter-ethnic bargain is sound, but that institutions cannot enforce it as it stands. By adjusting constitutional-level rules accordingly, elites can try to move the respective communities back into their traditional social roles. I argue that this strategy is fraught with difficulty, however. First, actors have more information than they had before. Members of the politically dominant indigenous group, for example, can update their prior beliefs about how political elites in the economic group will act if given the opportunity to take advantage of fractures in the indigenous community. Similarly, members of the economically dominant group are unlikely to support any sort of adjustment that further alienates them from the political system. Given new insights into how prior rule configurations structured incentives, elites have at least some interest in seeing that they can preserve elements of the old system that benefit them. As I will argue in a later chapter, this is exactly what has occurred in Fiji when attempts are made to adjust constitutional level rules, thus leading to future instability.

A second option is to abandon the tacit inter-ethnic bargain entirely and proceed to build new political institutions from the ground up. A clear problem with this strategy is the human cost associated with it. Often, abandoning the previous system requires that economically dominant groups be forcibly removed from their property or even expelled from the country. Such a strategy invariably produces economic collapse, as the loss of trained personnel, capital, and foreign aid removes much of the foundation of the economy. Uganda under Idi Amin and present-day Zimbabwe are examples of countries where this strategy was employed with terrible effect.

One might argue that if affirmative-action programs are successful and it is possible to detach ethnicity from economic function then we might observe a gradual erosion of the ethnic bargain and the creation of a truly equal multi-ethnic nation. I suggest, however, that this is not likely. The persistence of ethnic myths and histories that privilege one ethnic community over another based on a belief in indigenesness creates a powerful sense of entitlement that is unlikely to be casually discarded. Just because ethnic identity is detached from economic function does not mean that indigenous groups are willing to detach ethnicity from political function. I will argue throughout this work that the value-rational goods associated with continued political dominance, particularly the protection of indigenous culture in light of a perceived ethnic threat, are, in some ways, more valuable than the economic goods derived from redistribution. Indigenous elites would not willingly cast aside a powerful source of legitimacy that

justifies their political dominance, and I will argue that attempts to do so carry with them severe political penalties.

Conflict spirals and the perpetuation of conflict

A final implication of the model that is worth examining is the propensity of conflict to perpetuate over time. I argue that once a country leaves a stable region of the parameter space it is increasingly difficult to return to a stable equilibrium. This helps to explain why some countries have prolonged histories of inter-ethnic conflict, while countries with similar demographic characteristics have remained relatively stable.

There are several reasons why conflict can persist once a country experiences a breakdown in inter-ethnic relations. First, there are reputational effects to consider. Once a group reneges on an inter-ethnic bargain members of competing groups are less likely to view promises as being credible. Second, I argue that the path-dependent effects of the collapse make reforms difficult. Once a more extreme faction of a professedly indigenous group assumes power, for example, it may pass laws that further restrict the political and economic participation of the economic group. Even when extremists leave office and a more moderate government is in place it can be difficult to undo previous policy changes. Thus path dependency can perpetuate incentives for conflict. Finally, indigenous groups may have little incentive to extend an olive branch to immigrant communities which, in their view, have demonstrated a desire to control political institutions. Under such circumstances there are incentives to pursue more hard-line policies that minimize the future electoral threat of the economic group.

Conclusion

In subsequent chapters I will test this theory by examining a series of counterbalanced societies and the factors that either led to state failure and inter-ethnic violence or the maintenance of inter-ethnic peace. Again, I argue that political institutions that walk a fine line between insulating the indigenous community's political hegemony and not totally excluding economically successful immigrant communities from the political process are more likely to produce inter-ethnic peace. This reduces the veracity of extremist claims that non-indigenous communities jeopardize their special position in the political system, minimizing the utility of outbidding strategies. Second, I will argue that economic policies must be balanced between providing benefits for economically disadvantaged indigenous groups and generating incentives for economically successful groups to continue to produce. The main outcome of these two dynamics is the insulation of moderate parties and leaders affiliated to the indigenous community.

The theory presented here suggests that inter-ethnic peace in counterbalanced societies is generally sustained by a fairly precarious set of social

arrangements. This is not to say that we should always expect conflict in these types of plural societies, however. Most members of society have an interest in seeing inter-ethnic cooperation succeed, and political and economic institutions can be crafted in order to increase the likelihood of peaceful relations. At the same time, the constant pressures of ethnic outbidding and the political mobilization of economically dominant groups can greatly increase inter-ethnic tensions.

Finally, I feel it necessary to make two caveats. First, note this research is not intended to argue that democracy cannot function in divided states. A substantial literature on electoral engineering has emerged in recent years (Lijphart 1977; Horowitz 1985; 1991; Cox 1996; Reilly 2001; Reynolds 2002) that suggests a wide range of institutional structures that can, in theory and practice, manage inter-ethnic tensions to such an extent as to enable meaningful democratic competition in plural societies. My main point is not that these reforms cannot function, but rather that as counterbalanced countries became independent there were clear indications that indigenous ethnic groups felt they should have priority in the postcolonial political system. Institutions were crafted according to this belief, often with the approval (tacit or formal) of the colonial power. Thus it is not so much a question of what types of electoral reform should best be applied to these cases to make them more democratic, but rather why they failed to work in the first place. Why do we observe state failure and perpetual conflict in some of these cases and not in others?

Second, I reiterate that this book is not making any normative argument about how best to structure counterbalanced states. Competitive democracies are, as I have argued, doomed to fail when political issues are reduced to their ethnic consequences. When myths of indigeneness are factored into the equation and strong economic disparities between groups persist, democratic procedures become particularly dangerous. I only ask why some counterbalanced cases have, heretofore, managed to avoid conflict while others have experienced persistent political instability and inter-ethnic hostilities.

4 **Fiji: a “nationalist iceberg”¹ in the South Pacific**

The Indians are more advanced and, with their increasing numerical superiority . . . they can hardly fail to succeed eventually in becoming the dominant race.

Sir Kenneth Maddocks, Governor of Fiji, in 1960²

Fiji's recent political history is marked by the forceful removal of two democratically elected governments, the abrogation of two constitutions (one of which has since been put back in force), the inability of competing political parties to cooperate in any meaningful way, and the specter of long-term economic decline because of failures to address the issue of agricultural land leases. A combination of inter-ethnic hostility between the country's two largest communities, and intra-ethnic divisions that cleave the largest ethnic group into factions based on issues both traditional and modern, are among the principal factors that perpetuate political instability.

A new constitution, unveiled in 1997 to rave reviews by the international community, was expected to reduce the threat posed by these legacies by engendering higher rates of inter-ethnic cooperation among elites and washing away the island state's history of communal hostility through the use of electoral rules that would minimize the political power of extremists. As if to demonstrate that even the most jaded nationalists could suddenly recast themselves as inter-ethnic peacemakers, one of the key architects of the new constitution and perhaps its most unlikely champion was none other than Prime Minister Sitiveni Rabuka, the man who had led the 1987 military coups that toppled a coalition government widely perceived to be dominated by Indo-Fijians. Perhaps Rabuka's confidence in the new constitution stemmed in part from a sense of political invulnerability. After all, most observers expected his Fijian-dominated *Soqosoqo ni Vakavulewa ni Taukei* (SVT) party to do well at the polls in the May 1999 elections, the first under the rules of the new constitution. Moreover, Rabuka forged a strong preelectoral coalition with the Indian-dominated National Federation Party (NFP) led by Jai Ram Reddy, perhaps the country's foremost statesman of Indian descent.

The election results did not meet Rabuka or Reddy’s expectations. The new electoral system, instead of rewarding the SVT/NFP alliance, resulted in an overwhelming victory for the Indian-dominated Fiji Labour Party (FLP). The FLP-led “People’s Coalition,” although supported by the largely ethnic Fijian Party of National Unity (PANU) and the Fiji Association Party (FAP), was viewed as an “Indian” government by most Fijians from the outset. Prime Minister Mahendra Chaudhry managed to lead the new government for one year, during which time many Fijian backbenchers abandoned the People’s Coalition and widespread demonstrations occurred throughout Suva. On May 19, 2000 a nationalist putsch led by George Speight, a disgruntled Fijian extremist, toppled Chaudhry and his government.

In this chapter, I examine the seemingly unending problems of political fragility in Fiji through the lens of the theory developed in Chapter 3. I argue that the collapse of governments widely perceived to be dominated by Indo-Fijians in 1987 and in 2000 resulted from both widespread economic concerns principally felt by Fijian elites and, perhaps more importantly, by the incongruities between democratic procedures that guarantee the rights of elected governments, and the norms that demand indigenous control of political institutions. In Fiji, democratic governments have occasionally been unable to guarantee the political preeminence of key Fijian elites. This, perhaps more than any other factor, has led to the ethnic agitation that has imperiled two elected governments.

Colonial era

In Chapter 2 I discussed the dynamics governing the emergence of the *taukei* movement in Fiji during the colonial period. The need for labor to work the European-owned sugar plantations clashed with the Colonial Office’s professed desire to protect the subsistence-based social system of the indigenous Fijian population. In response, the British introduced indentured labor from India which rapidly came to dominate the colonial economy. By the early 1920s it was increasingly clear that any movement towards an independent Fiji would have to include the Indians, not only on humanitarian grounds, but also to the extent that they were economically indispensable.

At the same time, the Deed of Cession of 1874 formed the basis of Fijian political privilege through its policy of the paramountcy of Fijian interests. Throughout the colonial period, leading chiefs came to view the Deed as a sacred charter between the British and the Fijian people that obligated the colonial power to place Fijian interests above all other ethnic communities. For most Fijians, the upshot of the policy of Fijian paramountcy was the preservation of Fijian political authority, preferably under the mantle of the chiefly establishment. Unfortunately for the Europeans, by the 1930s many Fijian elites were beginning to see the inherent contradictions in the

“three-legged stool” of British capital, Fijian land, and Indian labor that kept Fijians isolated in their villages with minimal influence (Norton 2002). For leading chiefs such as Ratu Sakuna, simply being the passive wards of British protection was no longer sufficient. Moreover, the British were beginning to fear that Indians and Fijians would soon find a common cause in throwing off the yoke of colonial domination. Indeed, following the erosion of the Native Administration, the first home rule arrangement that gave substantial powers to local chiefs in the late nineteenth century, there were several brief alliances between chiefs and Indian politicians in the Fijian parliament. For the Colonial Office, any developments smacking of potential “racism”³ represented a serious threat, particularly given the need to mobilize Fijians for combat against the Japanese (Norton 2002: 135).

To this end, the British recast traditional Fijian institutions in order to better facilitate Fijian self-governance and minimize the likelihood of any future Indo-Fijian alliance. This neo-traditional order was best exemplified by the Great Council of Chiefs and its executive arm, the Fijian Affairs Board (FAB). As discussed in Chapter 2, the FAB allowed Fijians of non-chiefly title to participate in native governance, thereby providing a means of political expression that had previously been denied. More importantly, however, the FAB forged a common Fijian identity based on the neo-traditional order and the common fear of domination by the rapidly expanding Indian population. This was particularly critical since it was clear that Indo-Fijians would soon outnumber the indigenous Fijian population (see Table 4.1). Significantly, ethnic identity was enforced by the state to the extent that indigenous Fijians were registered in the Vola-ni-Kawa Bula, the official birth registry of all the *tauvei* (CCF 1995).

While the introduction of the FAB provided Fijians with a sense of political primacy and a means of organizing different *matanqalis* under the aegis of a unified political apparatus, it did little to address the growing problem

Table 4.1 Ethnic composition of Fiji

	1946	1966	1986	1999
Fijians	118,070	202,176	329,305	393,575
Indians	120,414	240,960	348,704	338,818
Part-Europeans	6,142	9,687	10,297	11,685
Rotumans	3,313	5,797	8,652	9,727
Other Pacific Islanders	3,717	6,095	8,627	9,727
Chinese	2,874	5,149	4,784	4,969
Europeans	4,594	6,590	4,196	3,103
Others	514	273	810	2,767
Total	259,638	476,727	715,375	775,077

Source: Ministry of Information and Fiji Election Office.

of land distribution. Recall that the Deed of Cession reserved all lands not alienated by 1874 for Fijians. The British intended the practice of non-alienation of Fijian lands to protect the supposedly backward Fijians from engaging in direct competition with other racial groups, competition that Fijians were felt to be culturally unsuited for. At the same time, the growing sugar industry required both land and labor, neither of which the indigenous Fijians were able to provide. The introduction of Indian workers satisfied the labor problem, but failed to address the problem of land since non-Fijians were precluded from owning land. As discussed in Chapter 2, the Colonial Sugar Refining Company (CSR) was keen to increase sugar production by giving Indian plantation laborers their own 10-acre plots and allowing them to cultivate the land with the help of their wives and children. Unfortunately, the company's land holdings were insufficient to absorb the growing number of cultivators. As a result, Indian laborers began to lease land directly from the Fijian *matanqalis* who controlled the majority of Fiji's land reserves. The biggest problem with this strategy was that Indian tenants were typically unable to meet the excessive demands put forth by *matanqalis*. The introduction of the Native Lands Trust Board (NLTB) in 1941 was intended to solve this problem by creating a third party to negotiate all future land leases between Indian tenants and Fijian landowning associations. Beginning in 1977, the NLTB administered leased lands under the legal framework known as the Agricultural Landlord and Tenant Act (ALTA).⁴

Under the terms of ALTA, the NLTB would issue leases to Indian tenants for a minimum of 30 years and would grant *matanqalis* the right to repossess the lands at the expiration of each lease (CCF 2002). If the leaders of a *matanqali* chose to evict a tenant at the end of the lease compensation would be provided for any major improvements made to the land, with such improvements being evaluated at five-year intervals by a group of nominally independent assessors. Rents from lands would be paid to the NLTB which would then distribute these funds to specific villages (Kurer 2001). The critical feature of this arrangement was that non-Fijians had few means to guarantee their tenure beyond the length of their NLTB leases. Moreover, land ownership became a powerful tool of ethnic coercion in the hands of Fijian extremists. Indian tenants would be free to pursue their trade as long as they respected the political dominance of the indigenous Fijian population. Among the most cogent articulators of this position is Asesela Ravuvu, a historian at the University of the South Pacific and an architect of the heavily pro-Fijian 1990 constitution (which will be discussed later):

Fijians have always categorized the population into two main divisions. A person is either *tauvei* (indigenous or owner) or a *vulagi* (visitor or foreigner) in any place . . . The *tauvei* are the indigenous or the original or first to be in a locality or those who conquered them in war. They

thus claim rights of ownership and control over land. Any others who arrive later to settle with the original settlers of that area are known as *vulagi*, or foreigners . . . The *taukei* are normally at the forefront of the discussion in decision making. The *vulagi* are allowed to participate in the process but they must not be seen domineering or forceful . . . Traditional protocol requires the *vulagi* to be humble and know well his role and position . . . His descendants will have little claim either . . . The *vulagi* are generally the work-horses of the physical and social settings in which they are established . . . The best analogy to this *taukei* and *vulagi* relationship is that of the host and guest . . . The host is generally in command and the guest must comply with the host's requirement.

(Ravuvu 1991: 58–60)⁵

The taukei and Britain's dilemma of decolonization

Thus, by the end of World War II Fiji faced a fairly uncertain political future. On one hand, the formation of key colonial-era institutions established an enduring myth of indigenouness on the part of formerly disparate Fijian groups. The image of the *taukei* attached to the land, or *vanua*, was a powerful symbol that created strong expectations among Fijians that they were destined to rule any future independent state. At the same time, the economic stability of an independent Fiji was contingent upon the security of tenure of the Indian agricultural and business class. The numerical superiority of the Indian population, coupled with Indian leaders' calls for common-roll election, was a source of great concern for the Fijian elite and their European allies.⁶ To that end, Fijians were disinclined to support any constitutional advance towards independence. Well into the 1960s, most Fijian chiefs argued that the Deed of Cession was a sacred charter between the indigenous population and the crown and that any move in the direction of independence would imperil the survival of Fijian culture.

The Colonial Office, in contrast, was keen to end the colonial enterprise in Fiji and was under pressure from the United Nations to move the country towards independence under a democratic system. Recent archival research conducted by Robert Norton has shed light on the complex negotiations between the Colonial Office and Fijian and Indian political leaders. Contrary to popular belief, the British were wary of leaving Fiji in the hands of an exclusively *taukei* government.⁷ Throughout the 1950s, the Colonial Office sought to convince the intransigent Fijian chiefly establishment of the importance of moving towards a common-roll electoral system (Scarr 1990). Leading chiefs, particularly Ratu Sakuna, refused to hear British officials out. Sakuna was unwilling to grant the franchise to non-chiefly Fijians, to say nothing of giving universal suffrage to an ethnic community that outnumbered the *taukei*.⁸ In part, the British were now reaping the fruits of the administrative reforms of the 1940s that reinvigorated the political

strength of the chiefs under the aegis of neo-traditional institutions. Sir Kenneth Maddocks, the beleaguered Governor of Fiji throughout the 1960s, wrote to the Colonial Office that:

we are now being confronted with the consequences arising from the fact that, since Cession, two policies have been pursued which have always been inconsistent. Namely, recognition in theory, by pronouncements and by implication, that the Deed of Cession conferred a moral obligation on the British Government to regard Fijian interests as paramount, and the preference given in fact to the promotion of economic development . . . (which has taken place largely independent of the Fijians) and has led to the Indians becoming established in a dominant position.⁹

The difficulties associated with moving Fiji to self-governance were increasingly played out in conflicts between the Colonial Office in London and the Governor in Suva. The Colonial Office, as already noted, advocated radical reforms to Fiji's political structure that would grant universal suffrage under the aegis of common-roll elections. While the international community and Indo-Fijians supported these reforms, the colonial administrators in Suva worried about the consequences of such a drastic change. Throughout the 1960s, administrators in Suva repeatedly stressed that the move to introduce full democracy to Fiji would spell disaster, since Fijians would interpret any effort to reduce their paramount position as a violation of the Deed of Cession. Fijians continued to see the Deed as a tacit recognition of indigenous preeminence, viewing the tension between the Colonial Office and the local administration with deep suspicion. Hence, while the British Empire was rapidly breaking apart as its territories gained independence, Fiji's chiefs adamantly refused to move towards self-government. To do so would surely lead to Indian domination, particularly if the British failed to back Fijian beliefs in their continued paramountcy. The refusal of Indo-Fijian leaders, especially Federation Party chief A.D. Patel, to concede ground on the issue of common-roll elections only increased Fijian resolve to cling to colonial protection.

For their part, Indo-Fijians saw little reasons to remain second-class citizens in an independent Fiji. While Maddocks readily conceded that "the Indians recognize the special position of the Fijians and, as a general rule, are anxious to avoid anything which will antagonize them,"¹⁰ no Indian leader wanted to see a post-independence state where Indo-Fijians had no voice. Given their economic stakes, Indo-Fijians especially worried about the politicization of the land question. Indian cane farmers could not trust an exclusively *taukei* government to credibly guarantee their interests. Common-roll elections were the only way to ensure that Indo-Fijian interests were represented. At the same time, common-roll elections was the one issue that Fijians were most anxious to see taken off the table since the

numerically superior Indo-Fijians could conceivably dominate any future government (Lal 1997).¹¹ As a consequence, political dealings between the two communities were beset by the twin perils of the land question and the appropriate role for the Indo-Fijians in the postcolonial government.

Ratu Sir Kamisese Mara and the obstacles to independence

In this poisonous atmosphere the new Governor, Derek Jakeway, held a conference in the summer of 1965 intended to forge a colonial parliament.¹² Fijian leaders, for their part, were willing to consider the Membership System provided that it included guarantees that their paramountcy would be respected.¹³ The biggest obstacle on the Fijian side was the intransigence of the chiefly establishment who were adamant in their refusal to consider the issue of common-roll franchise. Following the death of Ratu Sakuna in 1958, the British worked closely with four leading chiefs who were collectively known as the “Big Four”; Ratu George Cakobau, Ratu Panaia Ganilau, Ratu Edward Cakobau, and Ratu Kamisese Mara. Ratu George was the highest ranking of the four and clearly the most opposed to change. Ratu Ganilau and Ratu Edward were willing to hear calls for reform, recognizing the inevitable pull towards self-government, but were generally opposed to radical change that would undermine the power of the chiefs. The Colonial Office depended greatly on the cooperation of the youngest of the four, Ratu Mara. While Mara was the youngest of the paramount chiefs he was beyond any doubt the most adroit and able politician among the Fijians (Scarr 1984).

Mara’s pedigree (he was the nephew and protégé of Ratu Sakuna) and education (he held degrees in economics from Oxford and the London School of Economics), coupled with his relative willingness to negotiate with his Indian counterparts, made him the best possible figure to work with in the view of the Colonial Office. In the 1950s, a young Mara served as a District Officer in heavily Indo-Fijian areas where he advocated a number of controversial positions, including common-roll elections for town government (Norton 2002: 143). This experience gave him a perspective that the other members of the “Big Four” did not possess. Further, while the other chiefs were able politicians in their own right, particularly Ratu Ganilau, none possessed Mara’s capacity to placate both sides of an extremely polarized debate. Fijians respected him by virtue of his position and relation to Ratu Sakuna. The Indian population and their leaders felt that Mara, despite his reputation for political machination, was the most willing to adopt the changes that might eventually lead to common-roll. Ultimately, however, Mara’s best asset was his own acumen as a politician which was without peer. Mara made himself indispensable to the British because of his ability to hold Fijian ethno-nationalist sentiments in check – sentiments that, if unleashed, would certainly kill any move towards stable self-government.

The 1965 conference was attended by delegates from both the Fijian and the Indo-Fijian camps, including Mara, A.D. Patel, and Governor Jakeway. As Norton (2002; 2004) notes, the British initially tried to convince Mara and the Fijian delegates to accept common-roll in some form. The Fijians rejected these proposals, however, pressing for communal-roll elections where the number of legislators was fixed and voting took place along ethnic lines. Under this scenario, the number of communal seats would favor the Fijians (and their European allies) and grossly underrepresent the Indo-Fijian population, a step that the Fijian delegates felt was critical to defend the paramount position of the *taukei*. To escape this seemingly intractable morass the British suggested a compromise that would combine both communal seats (where members of each ethnic group voted on separate ballots) and "cross-voting" seats (ethnically reserved seats in multi-ethnic districts). While Patel was furious at the complete abandonment of any sort of common-roll, he was forced to accept the compromise under pressure from the British government. Patel's anger only increased when the number of Fijian seats was set at 14, in contrast to 12 Indian seats.¹⁴

The Indo-Fijian delegation left London angry, disillusioned, and resentful at what they perceived as a British betrayal. Patel and his NFP colleagues were adamant that future negotiations towards independence must include some form of common-roll voting and threatened to boycott the Legislative Council if their concerns were not met. The members of the Fijian delegation, in contrast, were more than satisfied with the conference and further convinced of their destiny to rule an independent Fiji. Given their victory in London, Mara was amenable to Jakeway's proposal that the Fijian Association, the dominant Fijian party, attempt to forge some sort of political linkage with the Indo-Fijian community. Jakeway envisioned a multi-ethnic coalition modeled on the Malaysian Alliance (Norton 2002; Scarr 1984). NFP leaders refused entreaties to join the new Alliance, leaving Jakeway and Mara to cobble together whatever Indian support they could muster from politically unaffiliated Indian groups. All told, the Alliance under Mara's leadership could hardly be said to be truly multiracial, although it did command some Indian support and, to Mara's credit, Alliance leaders made serious attempts to woo Indo-Fijians despite the party's refusal to consider common-roll elections.

Alliance leaders confidently expected the 1968 by-elections to affirm their party's dominant position and Mara personally campaigned in NFP strongholds. More importantly, Mara strongly believed that his attempts at ethnic conciliation would be rewarded by Indian support at the polls. When the NFP won their seats with even larger margins, however, Mara and other leading chiefs were enraged. In their view, the lack of Indian support was tantamount to deception on the part of Indo-Fijian voters who the Fijians approached in good faith. The NFP's success was seen as further evidence of Indo-Fijian determination to dominate an independent Fiji. In response, Fijians took to the streets and rallied against the Federation Party, claiming

that the election results demonstrated Indo-Fijians’ lack of gratitude toward the Fijian chiefs who had shown generosity towards the *vulagi* population (Norton 2004: 169–70; Scarr 1984).

Leading the Fijian charge was the most senior chief, Ratu George Cakobau. Ratu George had consistently opposed any concession to the Indian community and, as a result of his conservatism, had been politically ostracized by the British who sought to work with the more liberal Mara. In light of the 1968 elections, however, Ratu George became the voice of Fijian ethno-nationalist anger.¹⁵ The politically astute Mara, who was furious at what he perceived as Indian duplicity, happily took a backseat to the more senior Ratu George in an effort to demonstrate the potential effects of placating the NFP’s calls for common-roll elections. More significantly, the crisis allowed Mara to demonstrate his political strength by taking his time to publicly denounce the violent street protests. Two weeks after the protests began, Mara stepped in to negotiate an end to the violence. Most importantly, he secured a cabinet post for Ratu George (a move that allowed the Alliance chief to monitor his senior rival) and demonstrated his indispensability to the Colonial Office.¹⁶

Thus, by 1968, the outlook for Fiji seemed bleak. The colony experienced its most serious crisis following by-elections and the NFP adamantly opposed the structure of the 1965 constitution. Further, the position of the Fijian elite seemed impregnable. While Mara was indeed more open-minded than his colleagues, he saw little reason to imperil his own political standing by advocating the reforms sought by the Colonial Office.

Parting the waters: ethnic concession and the move to independence

On October 1, 1969 A.D. Patel died. His successor as NFP leader, S.M. Koya, was the son of cane farmers and was far less radical than Patel, who had been born in India and bore witness to Gandhi’s revolutionary movement. Koya recognized that once Fiji achieved independence the Indo-Fijians would be forced to deal with the Fijian elite on their terms and that it was perhaps better to strike a conciliatory note lest Indo-Fijians risk the loss of their economic position. For his part, Mara found Koya much easier to deal with than Patel and noted how quickly the tone of bi-party negotiations improved (Mara 1997). Indeed, less than a year after the disastrous 1968 by-election crisis, the two sides found themselves in agreement on many issues that previously seemed insurmountable. Of particular note, Koya conceded the demand for communal-roll elections, although he held out hope that common-roll franchise might be achieved in the future (Norton 2004: 178).¹⁷

In April, 1970 both sides met in London to hammer out the details of the move to independence – a meeting that seemed impossible only two years before. The NFP delegation conceded the issue of common-roll elections and accepted the British/Alliance proposal for a combination of communal seats and cross-voting seats. This novel voting system was intended to serve

as a compromise between the Indo-Fijians' call for electoral equality under common-roll and the Fijians' unwillingness to accept any institutional arrangement that would imperil their paramountcy. The electoral system that emerged was, to say the least, highly confusing. The 52-member parliament, the Bose Levu, was divided among both Fijian (22 seats), Indian (22 seats), and "General" (8 seats)¹⁸ electors.

These seats were further divided into communal voting districts and national "cross-voting" districts for each group. There were 12 communal seats each for both the Fijian and Indian communities and 3 communal seats for the General electors. These districts were ethnically segregated such that only members of the specific ethnic group could vote for candidates in these districts. Moreover, there were 10 national-level "cross-voting" seats each for Fijians and Indian communities and 5 such seats for General electors. In contrast to the communal seats, all voters in a district, regardless of ethnicity, voted in the same elections. In these districts, however, voters cast ballots for ethnically reserved seats (a Fijian, an Indian, and a General elector) in national-level constituencies (Lawson 1992; Norton 1977; 1990; 2004; Fraenkel 2003).

In other words, every voter received four ballots. One ballot was used to elect their district's communal representative (either Fijian, Indian, or General depending on the ethnicity of the voter), one ballot was used to elect their district's Fijian "cross-voting" representative, one ballot was used to elect their district's Indian "cross-voting" representative, and the last ballot was used to elect their district's General "cross-voting" representative.¹⁹ This rather cumbersome system was intended to do two main things. First, it was intended to encourage ethnic cooperation by providing incentives for Fijian and Indian politicians to reach across the ethnic divide for votes in their respective "cross-voting" districts. Recall that these districts differed from their communal counterparts in that they were not limited to voters of a specific ethnicity. In these districts, a Fijian politician would need the votes of Fijians as well as Indians in order to achieve a majority, provided that the district was sufficiently heterogeneous. Similarly, Indian politicians could not simply rely on the votes of Indo-Fijians and would be forced to moderate their calls for more political power. Second, the system was intended to preserve Fijian political dominance by making the legislature ethnically static. Even if Indians were a majority of the population, they theoretically could not translate this majority into political dominance. Moreover, given European and Rotuman voters' historic predisposition to support the *taukei*, it was assumed that the Fijians would always have majority support in the legislature thanks to the General electors. With this electoral system in place, Fiji overcame the main obstacle preventing its independence and on October 10, 1970 Fiji officially became a republic.²⁰

Ethnic outbidding, ethnic cohesion, and the risks of bargain failure: 1972–87

While the “cross-voting” system was intended to generate moderation, the existence of communal districts meant that many candidates did not have to temper their use of purely ethnic appeals. It also meant that true multi-ethnic parties were at a considerable disadvantage since they were unable to benefit from the outbidding incentives generated by communal districts. As a consequence of this institutional feature campaigns in Fiji were characterized by perpetual racial animosity. This animosity transferred over into the post-election process of building governments, as ministerial positions were invariably parceled out in such a way as to disadvantage Indo-Fijians (Lawson 1992).²¹

Because of the paradoxical electoral rules, a strange mixture of ethnic appeals and mutual calls for moderation marked the 1972 elections. NFP leader S.D. Koya reiterated his party’s position that the future head of state should be a *taukei* and the NFP sponsored Fijian candidates for Fijian communal seats in western Viti Levu.²² This was part of the Federation Party’s “Operation *Taukei*“, a movement aimed at convincing Fijian voters that the NFP was a truly multi-ethnic party that held the interests of the indigenous population to be paramount (Norton 1990: 109). These candidates were defeated soundly by their Alliance rivals, however, as most Fijians viewed the NFP with deep suspicion and considered their calls for such pro-Fijian positions as a *taukei* head of state as little more than a ruse to gain political power.

While the results of the 1972 election returned a moderate Alliance government that commanded at least some Indo-Fijian support (see Table 4.2), new signs emerged indicating that future elections would be contested in a much more polarized environment. The first sign was the 1975 creation of the Fijian Nationalist Party (FNP), headed by Sakeasi Butadroka and his nationalist *Taukei* movement. In contrast to the more moderate Fijian Association, the largest component party of the Alliance, the FNP was strident in its calls for Fijian supremacy. It demanded a series of affirmative-

Table 4.2 Ethnic composition of parliament 1972–1982

	Alliance			Federation Party		
	Fijian	Indian	General	Fijian	Indian	General
1972	19	7	7	3	15	1
1977 (April)	14	4	6	6	18	2
1977 (September)	19	9	8	2	13	0
1982	17	5	6	3	17	2

Sources: Norton (1990) and Fiji Election Office.

action programs aimed at improving the lot of average Fijians who, according to Butadroka, were abandoned by the chiefly establishment when they realized the economic benefits of running an independent state. In addition, the FNP called for constitutionally entrenched guarantees of Fijian supremacy beyond the simple issue of land (Lal 2000a: 32; Sutherland 2000: 207). Indeed, despite constitutional provisions that protected Fijian ownership of land, virtually all Fijian politicians regardless of party used the issue of land security as a political tool, portraying the Indo-Fijian population as some sort of bogeyman intent on taking territory away from the *matanqalis*.

The FNP, however, took racial outbidding to a much higher level, accusing Mara and the Alliance of selling out the interests of common Fijians. Butadroka accused the Native Lands Trust Board, the organization responsible for overseeing Fijian-owned lands leased out to Indian tenants, of failing to punish negligent tenants who failed to pay their rent on time. His outbidding strategy culminated in a 1975 floor speech where he introduced a motion to have all Indo-Fijians repatriated to India and bill the British government for the cost. Clearly, such a bald racial attack was beyond the pale for most parliamentarians, yet despite Federation Party calls for the Alliance to publicly repudiate Butadroka and the FNP, no Alliance member was willing to support a NFP bill calling on the government to "affirm that Indians are full and first-class citizens, that Fiji is their homeland, and that they are here to stay" (quoted in Norton 1990: 114–15). While the Alliance condemned Butadroka as a racist, they were politically unwilling to endorse a view that risked the nebulous higher level of citizenship afforded to Fijians by virtue of the myth of indigenouness. In other words, the tacit ethnic bargain that undergirded Fijian society since the introduction of Indian labor could not be called into question. Outbidding proved successful.

The fraying of the rope: the crisis of 1977

The emergence of the FNP and the Alliance Party's failure to repudiate Butadroka took its toll on Indian support for moderate Fijian politicians. Indeed, Indo-Fijian support for the Alliance, which stood at 25 percent in the 1972 elections, plummeted in subsequent elections, never exceeding 16 percent (Fraenkel 2001a). In addition to the decline in Indo-Fijian support, the FNP had the equally pernicious effect of splitting the Fijian vote. Many Fijians apparently felt that Butadroka, in spite of (or perhaps because of) his racist rhetoric, was the only *taukei* politician willing to stand up for the impoverished indigenous population.²³

The combination of FNP popularity and reduced Indian support led to a serious crisis during the elections of April 1977. Butadroka's Nationalists took close to 25 percent of the Fijian vote, splitting Fijian support in key "cross-voting" districts. As a result, the Indo-Fijian NFP won the election,

even though the party received the same percentage of the Indian vote that it received in 1972. Despite winning only 41.4 percent of the total vote (in contrast to the Alliance’s 43.5 percent) the NFP won a total of 26 seats (as opposed to the Alliance’s 24 seats), giving them a clear majority in the Bose Levu. As Fraenkel (2003) notes, the increase in support for an extremist Fijian party led to the very outcome that all Fijians wished to avoid: the election of an Indian-dominated government.

The election of a NFP government surely took Koya by surprise, as demonstrated by the Federation leader’s reluctance to build a government. Concerned by an emergent rift in the party about how to best address future negotiations over land leases, as well as its own legitimacy in the eyes of ethnic Fijians, Koya recognized the need to find backbench support from one of the Fijian parties. As Norton (1990: 118) notes, “the NFP had gained strength as diligent guardian of Indian interests while pragmatically accepting the need to preserve Fijian political supremacy. The Indians’ success was an embarrassing and ominous slip in the national political game.” In other words, the NFP leadership was keenly aware of the inter-ethnic bargain and the critical importance of the Fijian myth of indigeneness. It was never their intention to actually gain majority support in the legislature. Koya and his colleagues did not necessarily want to win the election as opposed to simply serve as a credible foil to a moderate Fijian government. The success of Butadroka’s extremist outbidding strategy put the NFP in the unenviable position of violating the very bargain that provided the Indian community economic and political security. The fact that Koya and the NFP were unwilling to form a government is evidence of the party’s discomfort with violating the bargain.

In light of Koya’s inability (or unwillingness?) to name a cabinet the Governor-General, the conservative Ratu George Cakobau, declared Mara the prime minister as he was “best able to command the support of the majority of the House” (Lal 1992: 239). As a result, Mara led a minority government until fresh elections could be held in September. In the September elections the FNP vote fell precipitously while the NFP was beset by serious internal divisions, partly as a result of the failure to name a government. Many Indian voters and MPs were disillusioned by Koya’s failures despite his angry denunciation of Cakobau’s decision to name Mara as prime minister. Further, a number of important NFP leaders, including Karam Ramrakha and Irene Narayan,²⁴ publicly stated that it was not in the NFP’s interests to head a government in light of the inevitable Fijian backlash, further splitting the party. Finally, and perhaps most importantly, ethnic Fijians were aghast at the failure of their electoral system to return a *taukei* government and flocked to the Alliance at the polls. These factors combined to give the Alliance a sweeping victory, returning the largest majority for the Alliance during its entire history as shown in Table 4.2 (Norton 1990; Fraenkel 2003; Scobell 1994).

A number of important points can be gleaned from the 1977 crisis. First,

we can see the first example of a trend that would emerge in later elections. Fijian homogeneity, despite the platitudes put forth by Fijian leaders, was tenuous at best and this factor could lead to serious divisions in the Fijian vote. In particular, the use of ethnic outbidding was shown to be a powerful means of mobilizing support, particularly when the average Fijian believed there was no real chance of an Indian government taking power. It was only when faced with the reality of an NFP-dominated government that Fijians put aside their differences and mobilized behind the Alliance in the September elections. As will be clear as this chapter proceeds, divisions in the Fijian vote have invariably led to Indian-led governments that have prompted a strong response from nationalists.

Second, the Indo-Fijian population is deeply cleaved with its own divisions, especially in terms of the appropriate role of the Indian community in the political process. This is demonstrated by the conflict between Koya and Ramakhan over whether the NFP should try and compose a government or defer to Cakobau's decision and accept a Fijian-led minority government. The emergence of the Labour Party in 1985 answered this question by putting forward a more aggressive Indo-Fijian political front, albeit one tempered by the presence of several key Fijian members who gave the party a multi-ethnic veneer.

Third, the crisis suggests that the institutional configuration of the 1970 constitution was insufficient to satisfy the demands of the Fijian myth of indigeneness. Recall that the theory presented in Chapter 3 requires that methods of collective choice insulate the dominance of moderates from the professedly indigenous community. When this does not happen a country moves out of the safe "zone" in the parameter space as extremist appeals are given a sudden validity. This is precisely what happened in Fiji after 1977. In spite of efforts to engineer a democratic system that would return an indigenous government, the inherent uncertainty of democratic rules conspired to give the NFP a most unexpected victory. Beyond this, it is evidence that the norms that underlie the inter-ethnic bargains in counter-balanced states are not necessarily consistent with procedural democracy. The democratic system in Fiji worked in 1977, perhaps too well. That said, the inconsistencies between informal social agreements that stipulated that a *taukei* government should win elections and the formal rules of collective choice that allowed non-*taukei* parties to win those elections created an atmosphere highly susceptible to instability.

Ultimately, this premise was not tested in 1977. The intervention by Cakobau and the uneasiness on the part of the NFP about forming a government allowed Fiji to avoid outright violence. It is difficult to say what might have happened had Koya chosen to name a cabinet, but the benefit of hindsight allows us to speculate with some certainty that ethnic Fijians would have responded to extremist appeals and many would have fully supported some form of intervention to restore Fijian dominance.

The calm before the storm: the rise of the Fiji Labour Party

The 1982 elections returned an Alliance government, albeit one with substantially less support. Both the Alliance and the NFP engaged in ethnic appeals, particularly in regard to the issue of land following the government's decision to bail out the indebted NLTB (Norton 1990: 120). By this point, the Alliance had lost virtually all Indian support while the NFP could scarcely claim any Fijian members. The erosion of Fijian support for the NFP was particularly problematic in western Viti Levu, also known as the Sugar Belt, where the Fijian labor movement had always been strongest and Fijian/Indian links were maintained by virtue of the omnipresent sugar industry.

Throughout the late 1970s and early 1980s the strong international market for sugar bolstered Fiji's economy. This growth, combined with government efforts to increase Fijian participation in the sugar economy, led to an increase in the number of Fijians in the labor sector, many of whom became members of the Fiji Trade Union Congress (FTUC). Mara was increasingly concerned about the likelihood of Fijian labor coordinating its efforts with the NFP-affiliated Indian labor unions. As a consequence, he initiated the Alliance-led “Tripartite” formula where Fijian leaders of labor, employers, and government would cooperate to avert a crumbling of the ethnically based political system. At the same time, Mara's pursuit of free market reforms in the mold of Ronald Reagan's and Margaret Thatcher's supply-side theories alienated representatives of labor.²⁵

Mara's government also promoted a number of redistributive programs aimed at developing a viable Fijian business class. In part, these efforts were prompted by pressure from Butadroka's FNP. The Alliance introduced policies to assist Fijian entrepreneurs as they tried to set up small business ventures (Norton 1990; Ratuva 2000). Imitating Malaysia's Bumiputera Bank system, the Fijian government created the Fiji Investment and Development Corporation (FIDC), an organization that purchased shares from Indo-Fijian and European businesses for the benefit of the indigenous population. Further, older institutions such as the Fiji Development Bank (FDB) provided small loans to *taukei* entrepreneurs who otherwise were unlikely to be granted lines of credit.²⁶

While these steps certainly helped stimulate some economic growth on the part of the Fijian population it was insufficient on at least two fronts. First it did not go far enough in the eyes of Fijian nationalists, many of whom were angered by problems of corruption inherent in the distribution of NLTB rents (Kurer 2001). Second, recession wracked Fiji in the early 1980s owing to the country's dependence on sugar exports. The withdraw of favorable trade terms under the Lomé Agreement caused growers' incomes to decline from F\$35/tonne in 1980 to F\$19/tonne in 1984 (Norton 1990: 125). The decline in economic performance, coupled with Mara's pro-market reforms, prompted a split in the tripartite arrangement. Leaders of

the Fijian and Indian labor movements left the Alliance fold while a significant part of the National Federation Party, frustrated with the party's inability to attract Fijian voters, joined the nascent labor movement. In 1985 these groups formed the Fiji Labour Party (FLP).

The FLP, despite the cooperation of Fijian labor unions, could hardly be said to be truly multi-ethnic. The party placed Fijians in important positions of leadership, yet rank-and-file membership was largely Indian and the party's platform reflected the interests of workers in the manufacturing sector, civil servants, and agricultural labor groups dominated by Indo-Fijians. That said, FLP leaders were much better at appealing to the emergent Fijian labor movement than the NFP, given the party's professed multi-ethnic base (Norton 1990). The most visible symbol of the Labour Party's attempts at ethnic pluralism was the selection of Dr. Timoci Bavrada as party president. Bavrada, a village chief from western Viti Levu, announced that his party would address bread-and-butter issues such as unemployment, corruption, and the recession that affected thousands of common Fijians (Scobell 1994; Lawson 1992). Significantly, Bavrada and the FLP reached an agreement with the NFP to share votes and, if their campaign was successful, forge a coalition government aimed at addressing Labour's multi-ethnic platform.

The bargain fails: the coups of 1987

Much like the 1977 and 1982 elections, ethnic outbidding marked the 1987 campaign. But unlike 1977 and 1982, the leader of the opposition was not an Indian but a member of the chiefly establishment. Alliance leaders, recognizing the potential divisions the FLP/NFP coalition could generate, argued that a Labour victory was tantamount to the destruction of traditional Fijian values (Lawson 1992). Further, Mara and his political allies argued that the coalition would destroy the NLTB and with it Fijian ownership of the land.²⁷ In reality, the FLP was more interested in seeing that rents were fairly distributed to Fijian villagers, but the fact that a coalition that commanded widespread Indian support was seeking to reform the land system was sufficient to give credence to Alliance outbidding (Norton 1990: 134).²⁸

Alliance tactics, while effective in many parts of eastern Viti Levu and Vanua Levu, could not stem the flow of Fijian support for the FLP/NFP coalition in western Viti Levu. Many Fijians, tired of perpetual poverty and the domination of the eastern chiefly establishment, cast their votes for the coalition. As Fraenkel (2003) notes, the coalition garnered approximately 10 percent of the Fijian vote, lower than the 15 percent of the Indian vote that the Alliance commanded,²⁹ but still sufficient to give Bavrada and his allies an advantage in cross-voting constituencies where the NFP had never been able to win. While the Alliance secured 48.3 percent of the total vote (compared to the FLP/NFP's 46.5 percent), its defeat in several key cross-voting districts caused it to lose control of the Bose Levu. The FLP/NFP

Coalition won 28 seats (in comparison to the Alliance’s 24 seats) – sufficient to give it a clear majority in the legislature (Scobell 1994; Lawson 1992).

Triumphant, Bavrada and the coalition prepared to set up a government in the face of growing agitation by indigenous Fijians. The new government was racially balanced (seven Indian ministers, six Fijian ministers, one General minister) and the prime minister was an ethnic Fijian. Nevertheless, nationalists painted the new government as being dominated by Indians. In many respects, this accusation bore some truth. The coalition derived the vast majority of its support from Indian workers, and the governing bodies of the FLP were largely comprised of Indians (Norton 1990; 2000). At the same time, however, the coalition made earnest attempts at galvanizing its Fijian base by paying appropriate respects to the eastern chiefly establishment that had controlled Fiji for its entire independent history.

For his part, Ratu Mara was publicly gracious in defeat,³⁰ conceding the victory and asking Fijians to accept the election’s outcome. A great number of Fijians ignored his calls for peace, however, taking to the streets in anger. The electoral system that was designed to ensure Fijian dominance had, in the view of nationalists, failed. In reality, this could not have been further from the truth. The ethnic composition of the Bose Levu was still equally balanced with 22 Fijians and 22 Indians. What had changed was the structure of the party system. The country’s electoral system was simply not capable of dealing with a pan-ethnic party that commanded a small, but significant, portion of the Fijian vote. Nevertheless, it was true that traditional understandings of Fijian paramountcy were not manifest in the electoral outcome. While the FLP/NFP coalition was careful to name a Fijian as prime minister and give assurances that it would respect traditional Fijian interests, the fact remained that a party largely associated with Indian interests now controlled the government. For Fijian nationalists, the outcome was unacceptable.

On May 14, 1987, in the face of street protests and rising anger, Colonel Sitiveni Rabuka led a coup and toppled the new government. Rabuka justified his actions in a number of ways. First, he claimed to be upholding Fijian paramountcy by restoring Fijian control of the government, an interesting assertion given that ousted Prime Minister Bavrada was a Fijian (Lawson 1991; 1992). Next, he claimed to be acting in the public interest in order to prevent the “burning of houses and cane fields” by angry mobs of Fijians (Scobell 1994: 197). Indeed, he argued that his coup was just as much an attempt to protect Indians from violent reprisals at the hands of the *taukei* nationalists as it was an attempt to enshrine Fijian paramountcy.³¹ Finally, he resorted to ethnic chauvinism by claiming that he was protecting the Christian heritage of Fiji in light of the threat posed by the Hinduism of the “immigrant race” (Lawson 1992: 73).

Whatever his professed motivations, it is clear that Rabuka initially commanded the support of the nationalist *Taukei* movement. Within five days of the coup, Rabuka met with the Great Council of Chiefs who

endorsed reforms aimed at further tilting the constitution in favor of the Fijian population (Rabuka 2000). Interestingly, however, in the first months following the coup violence perpetrated by the nationalists only increased. I argue, consistent with the main theory, that the increase in violence was a consequence of the success of extremist outbidding. For many nationalists simply removing an Indian-dominated government was not sufficient. A minority of Fijians agreed with Butadroka's demand that Indo-Fijians be repatriated to India. Indeed, in the months following the coup close to 75,000 Indians, approximately 20 percent of the total number of Indians in the country, fled Fiji (see Table 4.1) (Fraenkel 2003). In other words, the inability of Fiji's institutions to insulate the authority of a moderate government allowed extremist claims to gain merit in the eyes of the indigenous population. Once this happened, nationalists could more easily and credibly deploy outbidding strategies to gain the upper hand.

Critically, and consistent with the theory presented in Chapter 3, support for the coup was predicated on Fijians' sense of dignity. The myth of indigeneness that had formed the foundation of the political system since the colonial era provided Fijians with a sense of political primacy that was especially critical given their economic disadvantages. Despite the presence of a Fijian prime minister, the nationalists were able to successfully portray the new government as being dominated by Indians. Fijians who voted for or supported the coalition government were betraying the *vanua*. Not surprisingly, thousands of Fijians rallied to this position. Further, support for the *taukei* movement was particularly strong in western Viti Levu, precisely the region where the FLP commanded the most Fijian votes. Apisai Tora, the militant Fijian labor union leader, condemned the FLP/NFP Coalition as a direct threat to Fijians' "only asset, the land," raising fears among the indigenous community that the Indians were bent on eliminating the NLTB and with it Fijian land ownership (Norton 1990; Lal 1992).³²

Despite the support of the nationalists, Rabuka's coup was met with some Fijian resistance. Mara convened with members of the ousted government to discuss plans for a constitutional review with the aim of restoring some form of democratic rule (Lawson 1992). Further, intra-Fijian disputes were manifest in the post-coup environment. Mara, a Lau islander, was considered the paramount chief and his primeministership was reflective of the traditional dominance of the eastern chiefly establishment. Bavrada, despite being a member of a chiefly family, was a westerner. Rabuka, in contrast, was seen to support the future supremacy of the Tovata and Kabuna districts (Norton 1990). For easterners, this was an affront to the traditional ruling elite. Lauans rallied to support the ousted Mara in large numbers, suggesting that the Fijian homogeneity that the *Taukei* movement leaders championed was, in reality, ephemeral.

In September, Rabuka responded to the divisiveness and rising violence by reasserting military rule. The second coup was followed by Rabuka withdrawing Fiji from the Commonwealth and declaring the state to be a

republic. Mara was reinstated as prime minister, albeit in an interim government that was exclusively Fijian. The next decade would be marked by complete Fijian control of the political system and the exodus of thousands of Indo-Fijians from the country.

The 1990 constitution and the costs of ethnic chauvinism

The interim government established a Constitutional Review Committee (CRC) to develop, in concert with the Great Council of Chiefs, a new constitution that would insulate Fijian political dominance. On July 25, 1990 President Ganilau announced the implementation of the constitution, an event marked by the complete lack of public consultation. The CRC recommendations were clearly discriminatory to Indo-Fijians, expanding the legislature but heavily tilting it in favor of Fijians (Fraenkel 2003).

In contrast to the 1970 constitution, all seats in the new system were elected by communal districts, thereby guaranteeing that cross-voting would not result in Indo-Fijian candidates winning in Fijian cross-voting seats. The new legislature was comprised of 69 seats of which 37 were reserved for Fijians. Indians, on the other hand, were only allotted 27 seats. The remaining seats were assigned to Chinese, Europeans, and Rotuman Islanders (Lawson 1994). Moreover, the office of prime minister was reserved for an ethnic Fijian, thereby ensuring that all posts in the new system would reflect the paramountcy doctrine.

For many nationalists, the coup reflected not only a desire to preserve Fijian dominance, but also an attempt to correct historic dynamics that left Fijians in economic backwardness. Ganilau referred to these persistent Fijian complaints when he introduced the constitution, noting that Fijians had historically been very generous to the Indian population by allowing them to lease *matanqali* lands. Nevertheless, he argued that Fijians were increasingly frustrated by the disproportionate distribution of Fiji's growing prosperity. Ganilau suggested that "the dominant position of indigenous Fijians under the new Constitution could be viewed as a counterbalance to the dominance of Indians in commerce, finance and advanced education."³³

To this end, new affirmative-action programs were announced that would end, once and for all, the economic weakness of the indigenous population. Indeed, the implementation of these programs was cast as an integral part of national reconciliation.³⁴ As of 1987, economic resources were very clearly dominated by Indo-Fijians. The Registrar of Companies listed 700 private firms in Fiji at the time of the coup of which 50 percent were controlled by Indians. Fijians, in sharp contrast, only owned 15 percent of these ventures (Ratuva 2000). Previous Alliance governments promoted affirmative-action policies, but these were generally limited to scholarship programs and low-interest business loans. In the post-1987 environment these were deemed insufficient. Under the aegis of the Fiji Initiative Group, a nine-point policy paper was drawn up aimed at developing recommenda-

tions to alleviate Fijian poverty. Among the suggestions was to inject F\$20 million into the Fijian Holdings Company (FHC), the organization that served as the holding company for indigenous Fijians (Sutherland 2000). Modeled after the Permodalan Nasional Berhad bank system of Malaysia, the FHC was intended to bolster Fijian ownership of the economy by purchasing shares and distributing them to Fijians. Heretofore, however, the FHC had failed to capitalize on its promise as indicated by the perpetually dismal numbers of Fijian shareholders (Ratuva 2000). As will be discussed in the next section, there are a number of reasons for Fijians' low representation in the modern economy, many of which are difficult to deal with in the near term.

Rabuka resigned his military commission and, with the blessing of the Great Council of Chiefs, formed the Soqosoqo ni Vakavulewa ni Taukei (SVT). Leading chiefs intended the SVT to be an umbrella party representing all indigenous Fijians, and in general elections in 1992 and 1994 Rabuka's party managed to win a majority (Fraenkel 2003). Nevertheless, the SVT was wracked by many of the same internal divisions that plagued previous Fijian parties and by the mid-1990s the party faced serious weaknesses in urban areas and in western Viti Levu. These weaknesses were somewhat compensated for by the absence of cross-voting districts under the 1990 constitution and by highly skewed voting districts that greatly favored rural and eastern constituencies, precisely the constituencies where the SVT could command the highest support. As a result, the SVT won commanding majorities in both 1992 and 1994 despite ostensible fractures (Norton 2000).

Hope springs eternal: the 1997 constitution

The international response to the 1990 constitution proved to be an embarrassment to the chiefly elite. In addition to being run out of the Commonwealth, Fiji faced considerable economic hardship owing to a decline in tourism and the emigration of large numbers of Indo-Fijians. In 1995, Rabuka appointed Sir Paul Reeves, a diplomat from New Zealand, to review the 1990 constitution with the intention of producing a less discriminatory document. The Constitutional Review Commission (CRC) quickly determined that the pre-1987 system inhibited ethnic cooperation by virtue of its dependence on communal voting districts (CRC 1996). The Commission argued that communal districts only insulated the strength of ethnically based political parties and caused citizens to largely view national-level candidates (i.e. those elected in cross-voting districts) as ethnic sell-outs. Indeed, as Fraenkel (2003) points out, this is precisely the same conclusion that the Street Commission of 1975 arrived at when they provided the first independent assessment of the Fijian electoral system.

The CRC advocated a reduction in communal seats and the introduction of preferential voting for the legislature. Specifically, the "alternative vote"

(AV) was put forth as a means of generating inter-ethnic cooperation. As discussed in Chapter 2, there are few examples of AV being used in a multi-ethnic state and the system requires several important prerequisites to function correctly. At the same time, expert consultants noted that, if properly implemented, AV would force parties to appeal across ethnic lines in order to acquire voters’ second and third preferences, a critical factor if a candidate wished to be elected (Fraenkel 2001a).

Not surprisingly, nationalists clamored for the review process to safeguard Fijian supremacy. The events of the 1980s and 1990s had affected many Fijian citizens (Indian and *tauvei*) deeply and did little to engender mutual trust. Many ethnic Fijians were thoroughly convinced of the Indians’ intentions to rule Fiji and take ownership of the land. In light of these concerns, Fijian negotiators insisted on the retention of communal voting districts, viewing them as the only way to protect key indigenous interests.³⁵ Clearly, however, communal voting districts are diametrically opposed to the spirit of Horowitz’s centripetalist theory and AV methods. Indeed, the CRC wished to do away with communal voting districts entirely, but were forced to concede the issue following Fijian insistence that the system be retained, at least in part. In response, the CRC suggested a compromise where 45 seats would be elected in common-roll elections under AV rules and 25 seats would be reserved for each ethnic group in communal districts.

Second, the new electoral system allowed voters to defer their preference rankings to the parties. In other words, a voter did not have to rank his preferences if he did not wish to. Instead, the voter could select his first preference party. The party could then give its own preference rankings in place of the voter’s. This method of preference ranking, known as voting “above-the-line” due to the structure of Fiji’s ballot papers, would be used by 92 percent of voters in the 1999 elections (Fraenkel 2001b). Figure 4.1 shows a sample ballot paper. The upper section allows voters to make their selection “above-the-line” while the bottom section of the ballot allows voters to rank their own preferences.

The Joint Parliamentary Select Committee, the entity charged with reviewing and implementing the new constitution, responded to the CRC’s suggestions by reversing the ratio of common-roll and communal seats (Norton 2000). Interestingly, the NFP and FLP, the two largest Indo-Fijian parties, were split on this issue. The FLP, clearly fed up with Fijian intransigence, advocated the implementation of the Reeves Commission’s guidelines. The NFP, however, suggested that communal districts should continue to predominate. The new Bose Levu would consist of 71 seats of which 23 would be elected in Fijian communal districts, 19 in Indian communal districts, 3 in General districts and 1 in an exclusively Rotuman district. Further, 25 open seats would be decided in common-roll constituencies using AV, representing the first time in history that Fijians and Indians would contest the same seats (Fraenkel 2001b)



In the end, the 1997 constitution was an impressive, but flawed, docu-

You may vote in
one of two ways

Do **NOT** do both

EITHER

By placing a single
tick in one and
only one of these
boxes to indicate
which party's or
candidate's
preference you
wish to adopt as
your vote

 SVT	or	 SDL	or	 NLUP
 QIONIBARAVI	or	 DNT	or	
 FAP	or	 MV	or	



OR	Jone KAUVESI		
	Simione KAITANI		
	Tomasi TOKALAUVERE		
	Timoci QIONIBARAVI		

Figure 4.1 Sample of Fijian ballot from Lomaiviti Fijian communal district.

ment. On one hand, it promoted the ideal of a multi-ethnic Fiji where different groups were equal before the law. It removed provisions that limited the office of prime minister to an ethnic Fijian and reversed, or at least reduced, clearly discriminatory policies that skewed the power of the Bose Levu in favor of the Fijian population. Perhaps most significantly, the constitution was viewed as a collaborative effort on the part of the two most prominent political figures of the day: Prime Minister Rabuka and NFP leader Jai Ram Reddy. Both Rabuka and Reddy put aside communal differences to see that the Joint Parliamentary Committee implemented the document and their cooperation was optimistically viewed as a sign of things to come.

At the same time, the new constitution was plagued by serious flaws. Despite the optimistic platitudes that its supporters trumpeted, the document

clung to the communal voting model that had increased ethnic extremism in the 1970s and 1980s. Further, the constitution contained an interesting new rule that declared that any party receiving at least 10 percent of the seats in the Bose Levu (in practice seven seats) was entitled to join the government and receive a ministerial portfolio (Lal 2000a). In other words, it was conceivable that in an effort to build a truly multi-ethnic government there would be no opposition. Finally, the constitutional advisors were unable to rein in the agents who were responsible for implementing the document. As mentioned, the CRC recommended a mix of open and communal seats that was tilted heavily in favor of common-roll districts. This recommendation was scuttled, however, in light of Fijian intransigence. Recall the theory presented in Chapters 2 and 3. I argue that institutional creation does not occur in a vacuum by actors with no knowledge of the real world in which they live. Moreover, actors rarely have perfect information about the full impacts of their decisions.

Firmin-Sellers (1995) puts forward a theory of institutional creation that stresses the importance of uncertainty in the design process. Actors may craft asymmetrically beneficial institutions, but only at their own peril. In her study of constitutional creation in the Gold Coast, she argues that actors' beliefs about the political environment, coupled with the procedure used to build new institutions, must be evaluated when assessing the design of formal political arrangements. First, we must consider the beliefs held by relevant actors about their environment. When actors believe political power to be asymmetrically distributed in their favor, they are willing to design institutions that insulate political power. Conversely, when actors have difficulty determining the future distribution of power, they are likely to craft institutions that minimize the concentration of authority. Of course, people may have mental models that do not conform to reality, thus biasing their beliefs.

The procedures used to craft institutional structures have important influences on the beliefs held by relevant actors. In the Gold Coast, the British government structured the process of constitutional creation in such a way as to distort the relative bargaining strength between competing groups. The weaker United Gold Coast Convention was given considerable support by the British, who feared the left-leaning Convention People's Party (CPP) under Kwame Nkrumah. More significantly, the British excluded the CPP from participation in the Coussey Committee, the appointed commission charged with designing the postcolonial constitution. This procedure convinced UGCC leaders that they held considerably more political authority than the CPP, leading them to craft a constitution that centralized political authority. In subsequent elections, however, the artificiality of UGCC power was revealed as the CPP dominated at the polls. Thus the institutions crafted by the UGCC to insulate their political authority ultimately produced the opposite outcome, the political dominance of the CPP.

Firmin-Sellers' analysis illustrates the critical importance of knowledge and beliefs in the institutional creation process. When actors possessing incorrect views of the political environment craft rules and laws, they open themselves to unintended consequences. Institutions can certainly be designed to produce specific results, but as the case of the Gold Coast so clearly demonstrates, the unanticipated outcomes of institutional creation can effectively eliminate the distributional benefits actors seek to secure. Thus the beliefs held by people, and their capacities for fallibility, can lead to the creation of institutions that do not produce the desired outcomes. Striking parallels between the Gold Coast and Fiji can be made. Fijian negotiators were keenly aware of the economic asymmetries between the two communities and of Indo-Fijians' capacity for political mobilization. As a result, they politely declined the CRC's recommendations that would equalize political power between the groups. The result was a document that enshrined some of the Review Committee's suggestions while radically altering other features. As will be seen momentarily, this revision led to serious unintended consequences.

Third time's a charm: the 1999 elections and Speight's putsch

The leadup to the 1999 general elections was marked by a substantial degree of optimism. Twenty-one parties contested the election, but most of these were generally insignificant political organizations. The major parties forged preelectoral coalitions, precisely as the architects of the 1997 constitution had intended. Rabuka's SVT and Reddy's NFP joined forces with the smaller United General Party³⁶ and set about campaigning on the multi-ethnic principles of the new system. The SVT, despite losing much of the luster it held in the early 1990s, was still the largest party in parliament and was expected to command a considerable portion of the Fijian vote.³⁷ The NFP, under Reddy, had ostensibly regained much of its reputation following the disaster of 1987 and subsequent failures to adequately stand up against the racist tenets of the 1990 constitution. By the mid-1990s the NFP was involved in a bitter rivalry with Mahendra Chaudhry's Labour Party.

Rabuka and Reddy publicly praised one another in an effort to bolster their fledgling electoral coalition and arrived at a preelectoral agreement specifying that, if the coalition won the election (as most observers expected), the leader of the SVT would serve as prime minister while the NFP leader would serve as his deputy. In addition, the parties agreed to share the 25 open seats, with the SVT getting 14 and the NFP getting 11. Finally, the coalition agreed to tell their respective voters to give their first preferences for their agreed-upon candidates in open seats and, most importantly, not to field parallel candidates against a member of the electoral coalition (Lal 2000a, 2002b). In other words, if the NFP was fielding a candidate in the Suva open constituency the SVT would not field a parallel candidate that could potentially drain support. This sort of preelectoral

bargaining is precisely what the CFC hoped for while crafting the new constitution.

The Fiji Labour Party, in contrast to the SVT/NFP/UGP coalition, formed a very loose association with the Fijian Association and the Party of National Unity (PANU)³⁸ (Norton 2000). The “People’s Coalition” was intended to do two things: remove Rabuka as prime minister and make the FLP the dominant Indo-Fijian political party. Beyond these simple agreements, the coalition was far more willing to recognize deep-seated disagreements between the coalition’s constituent members. Many voters considered the FLP a spent political force. Following the 1987 coup the party had endured a number of internal conflicts and was only beginning to recover under the leadership of Mahendra Chaudhry. The Fijian Association, not to be confused with Mara’s party of the 1970s and 1980s, was formed in the early 1990s as an anti-Rabuka party and was generally considered a rather misguided and confused political organization with its ever-shifting leadership and policy positions. In sum, the People’s Coalition appeared vastly less organized than the SVT/NFP/UGP coalition.

It came as a tremendous surprise when the People’s Coalition swept into power in the 1999 elections. The coalition claimed 52 seats in the legislature and the FLP won 37 of these seats, giving it complete control of the government. Mahendra Chaudhry became Fiji’s first prime minister of Indian descent. In contrast, Rabuka’s SVT, considered the most powerful party in the country, only won a total of eight seats. Reddy’s NFP was utterly decimated at the polls, losing every district it contested.³⁹

Once again, Indian political ascendancy was accompanied by an unprecedented political fragmentation among indigenous Fijians. The key feature of AV is the distribution of second and third preferences should no candidate win a majority of first preference votes after the initial count. Preferences were distributed in 18 of the 25 open seats, in 16 of the 23 Fijian communal seats and in 2 of the 3 General communal seats. Significantly, the FLP won every Indian communal seat without having to move to second preferences. In other words, it outright dominated competing parties (which mostly consisted of NFP candidates). Further, it is important to note the number of average candidates competing for seats in each constituency as this provides a rough measure of the likelihood that second and third preferences would be required. Open seats averaged 5.3 candidates, Fijian communal seats averaged 4.3 candidates and General communal seats averaged 4 candidates. Indian communal seats, however, only averaged 2.6 candidates (Norton 2000). Once again, Indian voters found a common voice at precisely the time Fijian voters were most divided. Despite institutional provisions aimed at guaranteeing Fijian political dominance under the 1997 constitution, the FLP claimed an outright majority.

The emerging land lease crisis

The Labour government encountered serious Fijian opposition from the outset. Significantly, the key political issue in the late 1990s was the impending agricultural lease crisis. The vast majority of land leases between Indian tenants and Fijian landowners had been signed during the colonial period and were now approaching the renewal phase. The first leases began to expire in 1997, and by 2000 most tenants were either negotiating with the NLTB about lease extensions or preparing to do so. In light of the FLP victory, however, Fijian *matanqalis* were unwilling to extend leases to Indo-Fijians, viewing the land issue as a means to both punish the Indian population for their lack of respect for Fijian paramountcy and reassert their power in the face of the Indians' economic and political ascendancy.

The land issue presented a considerable problem for the FLP. On one hand, the NLTB had actively campaigned for shorter lease arrangements. Under the original legislation establishing the ALTO in 1969,⁴⁰ leases were issued for a minimum of 30 years and many leases were signed for considerably longer periods of time. Further, tenants had the right to receive compensation for any improvements made to the land should their leases not be renewed. From the perspective of Indo-Fijians, these terms were tolerable, although not particularly reassuring. The specter of eviction, even if it was 30 years in the future, made it difficult to justify long-term improvements or investments that might be confiscated.

Fijians, in contrast, saw matters differently. In particular, the twin issues of length of tenure and land improvements caused the NLTB substantial difficulties. A 30-year lease effectively removed access to the land for an entire generation (Kurer 2001). This characteristic, while limiting to the Indian tenant, was considered equally onerous to Fijians whose hands were tied for the length of a lease. Further, the average Fijian did not have sufficient resources to compensate an Indian tenant for improvements to the land. The inability to pay Indians for these improvements would prevent Fijians from reclaiming their land even if they did not choose to renew the lease. As a result, the NLTB went out of its way to dissuade tenants from making investments in their farms. Combined with the typical problems associated with reliance on primary products, this disincentive to investment did little to bolster Fiji's economic growth throughout the 1990s.

The land crisis put the FLP in an unenviable position. As the party of rank-and-file Indian laborers the FLP derived the bulk of its political support from the cane regions of western Viti Levu. The overwhelming majority of the country's 22,000 cane farmers were Indians. Many Fijian landowners, under the influence of the conservative head of the NLTB, Marika Qarikau, were threatening to repossess farms as a means of extracting higher rents (Lal 2000c). Chaudhry and his colleagues saw land reform as the most significant issue facing Fiji and were bent on compelling the NLTB to reform its practices. At the same time, an Indian government

moving on the land issue only fed the fires of outbidding by more extreme elements of the *Taukei* nationalist movement.

Speight’s putsch

Chaudhry’s government lasted little more than a year, a tenure marked by multiple defections from backbenchers and ever-increasing street protests. Chaudhry was wildly unpopular among ethnic Fijians and even many Indians, particularly those with lucrative economic links to the former SVT government, were angered by his decisions to combat tax evasion and corruption (Lal 2000a; 2000b; Fraenkel 2000b). The enigmatic Apisai Tora revived the nationalist *Taukei* movement in light of the FLP victory, claiming that the paramountcy principle had been violated. Nevertheless, Speight’s coup came as a shock to many Fijians and to the international community. The attendant violence associated with the coup also surprised many observers. In the days following Speight’s putsch bands of Fijians attacked Indian shops and temples and rioters were responsible for dozens of beatings perpetrated against Indo-Fijians.

For his part, Speight was a discredited businessman under investigation for fraud by the sitting government. In the months preceding his coup, he was sacked from his position in the Fiji Pine Commission and the Fiji Hardwood Commission by Agriculture Minister Poseci Bune due to incompetence. More recently, he had been a negotiator for an American firm trying to acquire a F\$300 million timber contract to exploit Fiji’s vast mahogany reserves. When the contract went to another company, Speight was effectively bankrupted. There is no doubt that Speight had personal motivations for attacking the sitting government, although he also was very clearly affiliated with the *Taukei* movement by virtue of his public declarations (Lal 2000b).

On May 29, army chief Frank Bainimarama abrogated the 1997 constitution and attempted to restore some degree of law and order to an increasingly chaotic country. Speight was rightly viewed by Fijian elites as a charlatan. He had little legitimate interest in restoring traditional Fijian institutions. In fact, he actively attempted to undermine them and made demands that his preferred candidate, Adi Samanunu Cakobau of Bau, be made prime minister (Lal 2000c). Nevertheless, Bainimarama asked Ratu Mara, the sitting president, to resign his office and began negotiations with Speight to end the standoff. In July, the Great Council of Chiefs and the army installed an interim government headed by conservative banker-cum-politician Laisenia Qarase. Qarase promised to hold elections by 2002 and appointed a cabinet comprised of hard-line Fijian nationalists. Speight finally relented and was placed under arrest. Fiji’s latest outbreak of political violence was over, but at a horrendous cost.

In light of the violence associated with the coup, it is difficult to appreciate the complexities that underlie the conflict. Significantly, the use of

ethnic rhetoric, while politically useful, tends to ignore the role played by intra-Fijian conflicts in the coup. Most importantly, the ascendancy of western chiefs during 1987 and the subsequent rise of the Tovata and Kabuna confederacy under Rabuka did little to engender support from the traditionally dominant eastern chiefly elite. Mara, a Lau islander and the last of the paramount chiefs to wield power as prime minister, did a poor job hiding his personal displeasure with the post-1987 regimes. Mara's support for the vehemently anti-Rabuka Veitokani Ni Lewenivanua Vakaristo (VLV) in the 1999 elections was but the most public display of his desire to see the SVT leader deposed (Lal 2000a). Speight was widely viewed as a supporter of the Kubuna confederacy, a traditionally important confederacy that makes up Fiji's House of Chiefs, further confounding the intra-ethnic disputes that were increasingly manifest in Fijian politics.

Beyond this, the Great Council of Chiefs was increasingly unable to quell its own internal divisions. Personal politics among the chiefs reached its apogee in the late 1990s as the senior paramount chiefs died. Younger chiefs proved unable to assume the mantle of paramount chiefs like Ratu Mara, Ratu George, or Ratu Ganilau. In their place emerged a group of less-distinguished chiefs bent on accumulating economic power. The GCC, although the most respected body in the country, was a shadow of its former self. Riddled with personal agendas, the Council "failed the test of national leadership" (Lal 2000c: 177) by hedging their bets on Speight's coup. Instead of standing up to the coup, the GCC went several weeks before issuing an opinion. The Council expressed its support for Speight and his motives but backed an interim government led by Mara.

The existence of intra-Fijian divisions, however strong, cannot mask the fact that Fijian groups successfully deployed the image of a *vulagi*, or outsider, government destroying indigenous privilege as a means to mobilize popular support. In other words, the reality of an Indo-Fijian government was sufficiently disturbing to a majority of Fijians to elicit widespread support for a restoration of a *taukei* system through armed resistance. Most importantly, Fijian fragmentation not only caused the collapse of indigenous political dominance but also caused an increase in the use of ethnic appeals and violence. As Lal (2000b) notes, the aftermath of the coup included street riots where bands of frustrated Fijian youths attacked Indian shops and homes and forced thousands of Indo-Fijians to flee to the relative safety of western Viti Levu. The common Fijian had little appreciation for the behind-the-scenes political machinations of the chiefs and politicians. Instead, they praised Speight because he was standing up for Fijian paramountcy. Unemployment, poverty and frustration were increasingly prevalent among indigenous Fijians who were, by virtue of traditional village life, unprepared for the demands of the modern economy. Speight's answer – to evict the Indians – provided a simple and direct, albeit grossly ineffective, way to address their perpetual economic destitution.

By virtually any measure, the violence and instability of 2000 exceeded

that of 1987. In 1987, the military executed the coup and quickly asserted its control of the country. In 2000, however, the army was divided and unwilling to use force against Fijians. Further, the Great Council of Chiefs proved most unreliable as a source of wisdom and moderation. Many of the chiefs publicly supported Speight although they resented the notion that a commoner should lead the government. Indeed, this was a considerable source of difficulty for Rabuka in his dealings with the Council. After weeks of hand-wringing the GCC endorsed Mara as interim prime minister, much to the chagrin of many nationalists. In the end, the Council's inability to provide sage leadership represented what many Fijian intellectuals view as the nadir of traditional institutions in Fiji (see Lal 2000c for an overview of these perspectives).

As a result of the coup, Fiji's economy suffered terribly. GDP growth in 1999 was 7.8 percent, its highest rate in a decade. In the years immediately following the coup, however, the government had to deal with international sanctions and a precipitous decline in tourism. By August of 2000, 7000 people had lost their jobs as factories were forced to close.⁴¹ Hotels, a mainstay of the tourist economy, were bereft of visitors and the sugar industry, never a reliable source of growth at the best of times, was beset by the growing land lease crisis.

The restoration of parliamentary democracy

Fijians went to the polls on August 25, 2001 and elected a conservative government dominated by the newly formed Soqosoqo ni Duavata Lewenivanua (SDL). The SDL, widely perceived as a political vehicle for interim Prime Minister Laisenia Qarase, ran on a platform of indigenous rights that included Fijian supremacy in the political sphere, affirmative-action programs aimed at alleviating the sharp divisions between Indians and *taukei*, and land reforms that would give *matanqalis* more control over their land resources.

The elections were held under the aegis of the recently reinstated 1997 constitution. Nationalists made an attempt to revert back to the discriminatory 1990 system but Fiji's Supreme Court ruled that the army had acted unconstitutionally when it abrogated the 1997 constitution. The AV system that produced a FLP government in 1999 yielded radically different results in 2001. As Fraenkel (2001b) notes, whereas the SVT voters ranked last in 1999, the FLP assumed the mantle of most-hated political organization (particularly for Fijian voters) in 2001. As opposed to the SVT, however, the FLP had no significant competition from Indian political parties.

The 2001 election returns reflected the growing extremism in the country. The AV system that was intended to produce moderation by forcing parties to appeal across ethnic lines for second and third preferences had precisely the opposite effect. Voters (or more specifically the parties who issued preelectoral preference lists) did not rank parties in order to reflect their

most preferred outcomes. Instead, they put their most hated parties in last place. Second and third preferences were distributed not to moderates, but to extremists. As a result, the two strongest parties were the SDL and the FLP, the parties most incapable of forging cross-ethnic bonds. Indeed, part of the 1997 constitution requires that any party receiving more than 10 percent of the seats in parliament receive an invitation to join the government. The victorious SDL unceremoniously declined to make any offer to the FLP, despite the fact that Labour won 27 seats (see Table 4.3). The SDL formed a coalition with the racist Matanitu Vanua (MV). The MV, the party formed by Speight's supporters in the aftermath of the coup, won the five Fijian communal districts not claimed by the SDL.

Prior to the election, several moderate parties, including the SVT, NFP, FAP, New Labour Unity Party (NLUP) and United General Party (UGP), announced a “moderate's forum” that would share preferences in the hopes of moving the country towards racial reconciliation. As Table 4.3 demonstrates, the moderate's forum was decimated in the election. Two of the four seats won by the moderates came from the small General Voters communal districts, suggesting that both the Fijian and Indian constituencies were only interested in voting for more extreme candidates.

The Qarase government, while not actively anti-Indian, has done little to assuage the damage done by Speight's coup. The government was unable to stem the tide of the land lease crisis. Increasing numbers of Indians have been forced off land that they have farmed for generations. As of August 2003, 3696 agricultural leases expired. Of these, 2030 were renewed and 1666 were returned to Fijian *matanqalis*.⁴² In many cases farms have been allowed to revert to bush as the Fijian owners of the land have been unable or unwilling to continue productive agriculture.

The SDL government has removed FLP rules that would provide F\$28,000 restitution to Indian tenants kicked off the land (Kurer 2001). As a

Table 4.3 2001 Election results

<i>Communal seats</i>									
	<i>Fijian</i>	<i>% 1st Pref</i>	<i>Indian</i>	<i>% 1st Pref</i>	<i>General</i>	<i>% 1st Pref</i>	<i>National Open</i>	<i>% 1st Pref</i>	<i>Total Seats</i>
MV	5	20.25	0	0	0	3.23	1	9.76	6
FLP	0	2.31	19	74.58	0	0	8	34.24	27
NFP	0	0.49	0	22.1	0	0	1	9.96	1
NLUP	0	0	0	2.56	1	9.89	1	5.5	2
SDL	18	50.07	0	0.1	1	24.6	13	26.74	32
UGP	0	0	0	0	1	32.45	0	0	1
Indep	0	2.45	0	0.39	0	5.18	1	3.25	1

Source: CCF (2001).

Note: The Rotuman Communal District returned one Independent candidate.

result, many Indians have been left homeless, jobless, and without any source of future income. In response, Indo-Fijians have moved to overcrowded urban areas in large numbers. For his part, Qarase envisions a future where Fijians engage in modern agriculture and he has introduced policies that provide subsidies to Fijian landowners if they continue to cultivate reclaimed lands. To that end, the SDL introduced the Farming Assistance Scheme in 2002. The bill provided Fijian farmers with subsidized farm inputs in order to generate a viable indigenous farming economy. To this point, however, the bill has proven a spectacular disaster. Many Fijians lack the necessary training to successfully cultivate the sugar crop and many villages are uninterested in moving beyond subsistence agriculture. In Nadroga/Navosa provinces, for example, 145 leases have been returned to Fijian landowners since 2001. Almost none of this land, covering approximately 4000 hectares, has been farmed (CCF 2002; 2004). For many Fijians, reclaiming the land has little to do with economic motivation. One reason is that Fijians view possession of the land as a source of dignity, as opposed to a source of potential wealth. Reclaiming the land from *vulagi* tenants is more a statement of who the appropriate owners of the land are, and less an attempt to develop a cash economy.⁴³

Whatever the motivations, the impact on the sugar industry, Fiji's largest economic sector and employer, are disastrous. Between 2001 and 2002 cane production plummeted from 4 million tonnes to 2.8 million tonnes. At a July, 2002 forum on the future of land policy in Fiji deposed Prime Minister Chaudhry noted that most evicted farmers (totaling approximately 3000) would be unwilling to return to their farms since they no longer regard the 30-year lease arrangement to be secure (CCF 2002: 23).

Analysis

The political instability observed in Fiji reflects the inherent difficulties counterbalanced countries can experience should the institutional mechanisms enforcing tacit ethnic bargains break down. The tacit bargain developed during the colonial era failed in several key respects, but at root its collapse can best be viewed in terms of the incongruence between democratic practice and the inherently illiberal tenets of Fijian supremacy.

The theory presented in Chapter 3 suggests that inter-ethnic conflict in counterbalanced states is governed by two related dynamics. First, political institutions must insulate the political dominance of indigenous moderates. Second, economic institutions must allow for some degree of affirmative action to successfully improve the living standards of the poorer indigenous population. On both of these counts, Fiji has been unable to create an environment where extremist appeals have little merit.

Insulation of indigenous dominance

From the outset, Fijians attempted to create electoral institutions that would eliminate the threat of Indian dominance. To that end, all Fijian constitutions developed rules based on the principle of paramountcy. If anything, the 1997 constitution that was so widely heralded was less democratic than the 1970 document that led to controversies in 1977 and 1987. The 1970 constitution, in contrast to both the racist 1990 constitution and the 1997 constitution, gave equal representation to Indian and Fijian members. Fijian supremacy was ensured through reliance on the overrepresented General Voters category and by the GCC-appointed Senate. That said, the Fijian system was consistently unable to accommodate the inherently fractious nature of indigenous political organization, leading to the crisis of 1977 and the election of the coalition in 1987. The Fijian party system is at best mercurial and at worst dangerously unstable.

In Chapter 2, I proposed four testable hypotheses related to the insulation of indigenous political supremacy. First, I theorized that multi-ethnic coalitions dominated by parties of the indigenous ethnic community, but that include minority economic groups in some limited fashion, are more likely to produce inter-ethnic peace than governments solely consisting of one ethnic group. Fiji is a stark example of the failure of multi-ethnic coalitions and the potentially destructive power of outbidding. The original Alliance model that governed Fiji until 1987 initially represented an earnest attempt at forging a truly multi-ethnic government. The 1972 elections returned perhaps the most viable coalition in Fiji's history. In the years immediately following independence the rapport between Koya and Mara precluded a number of potentially harmful schisms between Indians and Fijians. Critically, however, long-term ethnic cooperation cannot be built on personal relationships between leaders. Institutional incentives must make cooperation pay. This did not happen in Fiji. Butadroka's FNP and other elements of the *Taukei* movement made ethnic appeals that Alliance leaders could not ignore. The failure of moderate Fijian politicians to repudiate Butadroka was inimical to inter-ethnic trust and did little to foster Indian support for Alliance candidates. Indeed, Indian support for the Alliance never rebounded after 1975, bolstering voter support for the NFP.

Future governments were equally unbalanced. The NFP/FLP coalition of 1987 made an earnest attempt at stacking the government with Fijian ministers, but the fact that parties associated with Indo-Fijians now controlled the parliament was a sufficient breach of the tacit ethnic bargain to prevent widespread Fijian acceptance. Given historical experience, many voters were unwilling to trust multi-ethnic coalitions, viewing their members as ethnic sell-outs. This most certainly contributed to the failure of Rabuka and Reddy's 1997 preelectoral coalition. Today Fiji is governed by a conservative indigenous government. In a flagrant disregard for the law, the SDL

has rejected constitutional provisions requiring that the Indian-dominated FLP be given a cabinet position in the government.

The second hypothesis states that electoral systems that overrepresent constituencies dominated by the political group are more likely to maintain inter-ethnic peace than electoral systems that distribute representation more equally among all groups. On this front, Fiji has a mixed record. On one hand, the existence of communal constituencies makes the ethnic composition of districts irrelevant to the extent that each ethnic group is guaranteed a certain number of parliamentary seats, although it is important to note that Fijians enjoy a four-seat advantage in the number of communal seats when compared to Indians (23 Fijian communal districts and 19 Indian communal districts). Open constituencies, on the other hand, are affected by the ethnic composition of districts. Table 4.4 shows the ethnic composition of open constituencies. Significantly, Fijians have a population advantage in 14 of the 25 open constituencies, but this advantage must be weighed against two important considerations. First, in three of these constituencies (Nausori/Naitaisiri Open, Laucala Open, and Samabula/Tamavua Open) Fijian advantage is less than 5 percent. Second, Fijian electoral fragmentation is well established. In many respects, then, Fiji's open constituencies provide a small, but negligible, advantage to the indigenous population. That said, the existence of communal voting districts and the absolute Fijian advantage in the number of communal seats compared to Indian communal seats suggests that Fijian dominance in this area goes against the expected findings. Electoral rules that favor Fijians should be associated with higher rates of inter-ethnic peace, but this is clearly not the case.

While the hypothesized relationship is not wholly borne out in Fiji, it is important to note the impact of history on the structure of Fijian voting districts. Fijian academics are well aware of the political heterogeneity of the indigenous population (Durutalo 2000). This political fragmentation, coupled with the tendency of Indians to vote as a consistent bloc has compelled politicians concerned about Fijian paramountcy to cling to institutional features such as communal voting districts.

The third and fourth hypothesis relate closely to the issue of Fijian and Indian political homogeneity. The fourth hypothesis states that as the population of the economic group increases, the likelihood of inter-ethnic conflict also increases to the extent that electoral systems cannot fully insulate the dominance of the political group. This dynamic has played out in Fiji throughout the colonial and independence periods. As the numbers of Indian citizens began to exceed those of Fijians in the 1950s, Fijian elites such as Ratu Sakuna were unwilling to move towards independence for precisely the reason that democratic procedures could not credibly guarantee the paramountcy principle. Only after S.D. Koya's acquiescence to common-roll elections were Fijian chiefs willing to consider the possibility of self-government. To be sure, the numbers of Indians in Fiji have declined since 1987 (see Table 4.1), but they still comprise roughly 43 percent of the

Table 4.4 Ethnic composition of Fiji's open constituencies

<i>Open constituency</i>	<i>Fijian</i>	<i>%</i>	<i>General</i>	<i>%</i>	<i>Indian</i>	<i>%</i>	<i>Total voters</i>
Tailevu North/ Ovalau Open	15,204	87.7	573	3.3	1,524	8.79	17,335
Tailevu South/ Ovalau Open	13,491	68.27	114	0.57	6,132	31.03	19,759
Nausori/ Naitaisiri	8,133	48.9	359	2.15	7,904	47.52	16,631
Nasiru/ Rewa Open	7,702	45.21	228	1.33	8,989	52.77	17,034
Cunningham Open	10,098	57.44	991	5.63	6,178	35.14	17,578
Laucala Open	7,641	47.93	623	3.9	7,141	44.8	15,939
Samabula/ Tamavua Open	7,627	46.84	1,097	6.73	7,094	43.57	16,280
Suva City Open	7,694	49.43	1,679	10.78	5,513	35.41	15,565
Lami Open	10,598	66.8	1,840	11.59	3,193	20.12	15,865
Lomaivanua/ Namosi/Kadavu Open	15,453	82.77	134	0.71	3,005	16.09	18,668
Ra Open	11,623	64.7	86	0.47	6,228	34.67	17,962
Tavua Open	6,738	42.6	185	1.16	8,685	54.91	15,814
Ba Open	3,323	17.06	201	1.03	15,933	81.8	19,477
Magodro Open	4,704	26.76	78	0.44	12,765	72.64	17,572
Lautoka City Open	7,071	39.03	865	4.77	9,819	54.2	18,114
Vuda Open	5,190	27.43	288	1.52	13,343	70.52	18,920
Nadi Open	7,591	36.48	697	3.34	12,291	59.07	20,807
Yasawa/Nawaka Open	6,229	36.62	43	0.25	10,728	63.07	17,008
Nadroga Open	8,348	48.16	179	1.03	8,764	50.56	17,333
Serua/Navosa Open	12,751	66.91	488	2.56	5,736	30.1	19,056
Bua/Macuata West Open	11,013	61.48	395	2.2	6,493	36.24	17,913
Labasa Open	3,423	21.06	327	2.01	12,490	75.58	16,252
Macuata/East Open	3,929	21.47	88	0.48	14,274	78	18,299
Cakaudrove West Open	11,445	73.49	1,851	11.88	2,234	14.34	15,572
Lau/Taveuni/ Rotuma Open	13,295	80.95	620	3.77	1,164	7.08	16,422

Source: Fiji Elections Office.

total population. This fact, combined with the tendency of Indians to vote as a coherent bloc, has allowed Indo-Fijian parties to succeed, even in cases where Indian politicians would prefer to play the part of the loyal opposition.

The fourth hypothesis states that the more politically fragmented the indigenous political group, the more likely it is that the political group will be unable to maintain political dominance, thereby increasing the likelihood of future inter-ethnic conflict. This chapter has repeatedly stressed the inherent fractiousness of Fijian political loyalties. Beginning at least with

the formation of Butadroka’s FNP in 1975, Fijian moderates have been under constant attack from extremists who deploy outbidding strategies with great success. In part, the political fragmentation we observe in Fiji results from significant intra-ethnic divisions that have only recently been afforded appropriate recognition. Most importantly, political divisions between eastern and western chiefs have divided Fijian political loyalties since the colonial period. The SDL represents, in some ways, a resurgence of eastern political authority, although, as this chapter has stressed, the role of the paramount chiefs is clearly declining. Without a unifying figure like Ratu Mara (who died in 2004) it is unlikely that a Fijian umbrella party will emerge that is capable of marshalling majority indigenous support.

Economic redistribution

The second part of the theory argues that inter-ethnic peace is most likely to be maintained if the politically dominant group implements programs to address their economic subordination without destroying the economy or blatantly expropriating wealth from the economically dominant group. The implementation of these programs is necessary because they minimize the effectiveness of outbidding strategies by more extreme parties. The critical economic issue that governs economic well-being in Fiji is the land lease system. Critically, the NLTB has done a poor job distributing rents to common Fijians. As previously noted, 25 percent of rent returns goes to the NLTB while 30 percent is skimmed off for chiefs at varying levels. The remainder is distributed to Fijian villagers, although this amount is rarely sufficient to sustain a family.

The fifth hypothesis states that the presence of affirmative-action programs⁴⁴ should lead to an increase in the strength of moderate political parties from the politically dominant indigenous group since the electoral utility of outbidding strategies employed by extremists is minimized. As we observe in Fiji, however, the mere presence of affirmative-action programs is a necessary, but not sufficient, condition to achieve the goals of political moderation. In this regard, it is important to consider the sixth hypothesis: inter-ethnic peace is more likely to persist as long as both economic and political groups experience the benefits of economic growth. If either group, but especially the political group, experiences a significant and protracted decline in economic strength, inter-ethnic conflict is likely to result.

Taken together, we observe that efforts to implement affirmative-action programs in Fiji revolve around two key policy tools. First, land leases are used as an attempt to defend Fijian political dominance and dignity, while at the same time providing supplementary income for the indigenous population. Second, more traditional notions of affirmative action have been deployed, with varying degrees of success, since the 1970s. As has already been observed, the land lease mechanism has done little to alleviate Fijian poverty. For many Fijians, this is a source of considerable frustration. Mick

Beddoes, a European MP with the United General Party, summed up this anger rather succinctly at a 2002 workshop aimed at analyzing the land lease crisis:

To correctly identify the symptoms so as to prescribe the correct medication we need to take a reality check on our current situation in the country. My *taukei* cousins own 84 percent of Fiji’s land mass and have recently acquired a further 3 percent with the transfer of schedule A and B land, taking their total land ownership to 87 percent. This includes all resources above and below the land and in the sea, as well as the waves that now and then originate outside our 200 mile economic zone but end up near some surfing area in Fiji. With the exception of a couple of years, my *taukei* cousins also controlled this country for 95 percent of our post-independent life. Within the government and its various arms my cousins are numerically preponderant in, and retain executive control and authority over the army, navy, police, judiciary and civil service. So I ask you how is it possible for a community that owns 87 percent of all the land and its natural resources, that has maintained executive authority for 95 percent of our post-independent life, that controls 90 percent of our army and our navy, that enjoys numerical advantage in the police and civil service, and is the only community to receive millions of dollars in direct financial support from government, is still the most economically disadvantaged group in this country – from my community and that of my Indian cousins – however they are without any of the above resources?

(CCF 2002: 26–7)

As previously mentioned, the key problem that precludes most Fijians from enjoying the benefits of landownership is the onerous chiefly system that, combined with the NLTB, siphons off vast economic resources in the name of chiefly privilege (Prasad and Kumar 2000). At the same time, the powerful NLTB has been unwilling to reform its practices, citing its mandate as the last line of defense between the *taukei* population and Indian domination (Kurer 2001). Given constitutional provisions that enshrine the principle of non-alienation of land, it is, at first glance, surprising that Fijian politicians have so effectively deployed the land issue to win votes. On closer inspection, however, it is entirely understandable that politicians would use land as a means to outbid their intra-ethnic rivals. First, Indian reliance on land leases has caused many Fijians to expect land reform to be the main priority for Indian political parties. Second, the continued economic weaknesses of the Fijian community, despite their communal ownership of the land, compels extremist politicians to seek ways to claim that moderate governments have not sufficiently exploited land resources to help the *taukei* population.

In terms of more conventional forms of affirmative action, successive

Fijian governments have proven equally unsuccessful. Throughout the 1970s and 1980s, Alliance governments pursued a paradoxical strategy of using affirmative action to increase indigenous access to education and small business loans, while at the same time playing up the neo-traditional image of the Fijian attached to his *vanua*. Initially, affirmative-action programs were aimed at improving Fijian access to higher education in the form of scholarships and admission quotas that would favor the *taukei*. In response to the outbidding strategy of Butadroka's FNP, the Alliance introduced a strategy to reserve 50 percent of Public Service Commission scholarships for Fijians, in addition to increasing the education fund administered by the Fijian Affairs Board from F\$3.5 million to F\$4.5 million.

As Sutherland (2000) points out, however, these improvements did nothing to address long-standing problems of poor educational performance by Fijians. If anything, subsidizing education instead of promoting higher levels of achievement hurt Fijian performance in the private sector. This manifests itself in Fijian underrepresentation in the upper echelons of the professional economy. Prior to the 1987 coup Fijians held 39 percent of lower-level professional positions and only 17 percent of senior-level positions. Nearly 20 years later, these figures remain virtually unchanged. Fijian dominance of public service positions, however, has increased substantially, owing to large numbers of Indo-Fijian resignations and a policy of promotion that heavily favors the indigenous race. While this has increased the numbers of Fijians in the management sector, it has done little to improve public service delivery.

Small business loans administered by the Fijian Development Bank (FDB) have been equally futile. In the aftermath of the 1987 coup, the FDB injected F\$20 million into Fiji Holdings Company (FHC), a parastatal intended to invest in publicly held companies for the benefit of Fijians. As Ratuva (2000) points out, however, the FHC has done a poor job of picking winning companies and whatever benefits do accrue are divided among a relatively well-off Fijian elite. More importantly, the FHC does not represent or promote a Fijian business class. Instead, it simply acts as a means for well-placed Fijians to reap the rewards of the stock market. More tellingly, the last published report of the FHC shareholders suggests that the primary beneficiaries of the company are the NLTB and the FAB, two organizations with tenuous connections to ordinary Fijians.

Beyond this, the FDB has provided loans for Fijians to develop an indigenous business sector. Indeed, a constant complaint by Fijian parties is that the government does too little to foster an indigenous business class. In reality, successive Fijian governments have attempted to develop incentives for Fijian business growth. The FDB issued 1105 loans totaling F\$76.45 million in 2004 and currently holds loan portfolios totaling F\$281.18 million (FDB 2005). Despite these substantial investments there has been little shift in ownership patterns compared to the pre-1987 era when Fijian ownership of registered companies was less than 15 percent. By 1997, of the 101 compa-

nies registered under the Tax Free Zones policy,⁴⁵ a scant 10 percent were owned by Fijians (Ratuva 2000: 232).

Fijian economic strength can hardly be said to have improved despite considerable effort by successive governments. There are several reasons for perpetual underachievement by Fijians. First, many Fijians remain attached to subsistence agriculture. A 1995 survey by the Ministry of Fijian Affairs noted that 62 percent of rural Fijians derived their livelihood from subsistence farming (Ratuva 2000). For many Fijians, attachment to the land overrides the incentives to move to the urban cash economy. In this regard, many Fijians would prefer to have the benefits of state redistribution without enduring any of the associated costs (Sutherland 2000).

Second, efforts to provide affirmative-action programs have run into the imperatives of an ever-globalizing economy. The 1998 budget, for example, pared down many state-run programs as a means of improving economic efficiency. Despite the election of a FLP government in 1999, reforms aimed at poverty alleviation had little chance given the fractiousness of the Chaudhry government. Hence there remains a fundamental disjuncture between the government's stated nationalist objectives and its need to implement economic reforms. In large part, the failure of Rabuka's government to address Fijian economic underdevelopment was used by competing parties to defeat the SVT in 1999. In the 2001 elections SDL candidates ran on a platform calling for a radical shift of resources to Fijians through enhanced affirmative-action programs and an increase in FDB funding. Running on the slogan "50/50 by 2020," signifying 50 percent indigenous ownership of the economy by the year 2020, the SDL won an impressive majority of Fijian communal and open seats. That said, the government has been unable to address fundamental issues related to the land lease crisis, let alone implement a wide-ranging set of policies aimed at increasing the Fijian presence in the business sector.

Ultimately, affirmative-action programs in Fiji have had minimal impact on Fijian poverty. In this regard, the fifth hypothesis does not seem to hold. Despite the existence of these programs, outbidding by more extreme parties has been successfully deployed by Fijian politicians. At the same time, however, this is tempered by the confirmation of the sixth hypothesis. Periods of successful economic growth in the 1970s and 1990s yielded tremendous benefits for Indians, Europeans, and foreign investors, yet as the previous section suggests, this growth had minimal impact on indigenous Fijians. The biggest culprit remains the poorly administered land system that denies individual Fijians the opportunity to effectively govern their own leases. The NLTB, derided by Indians because of the insecurity of the 30-year lease system, is equally loathed by many Fijians who see it as an ineffective body governed by corrupt bureaucrats and beholden to the chiefly establishment. As noted, reform to the NLTB is a constant theme in Fijian politics, yet the costs associated with transforming an organization with powerful vested interests makes it unlikely that necessary change will

occur in the near term. The problems associated with land policy and affirmative action cast serious doubts on the current SDL government's plans for economic growth.

Conclusion

Norton (1990) notes that Indians in Fiji never intended to dominate the political sphere. Indeed, many Indian leaders viewed political dominance as a sure path to economic and political oppression. The crisis of 1977 underscores this point. Koya hesitated to build a government owing to fears that it would not be seen as legitimate in the eyes of Fijians. Nevertheless, the institutional mechanisms governing elections, party formation, and economic redistribution have conspired to promote Indian parties, despite the concerns of Indian voters. Indians have been politically successful in spite of themselves, or, perhaps more accurately, as a result of Fijian political fragmentation.

Interestingly, as Fijians become more militant in their pursuit of electoral and economic policies that will further insulate them from any sort of ethnic threat, Indians are compelled to organize politically to defend their substantial interests. Indian politicians, initially interested in simply providing a credible foil to Fijian governments, have become more interested in winning elections in order to implement policy. This fact more than any other reflects the complete collapse of the tacit ethnic bargain intended to maintain inter-ethnic peace.

The frailty of democratic government in Fiji has been demonstrated on numerous occasions. In each case, ethnic conflict was precipitated by the election of a government widely viewed as Indian-dominated. It is impossible to say how the 1977 crisis would have turned out had Governor-General Ratu George not intervened, but this is largely irrelevant given the very real terminations of Indian governments in 1987 and 2000. Although the 1987 coups and the one in 2000 were radically different in terms of their execution and outcomes, it is important to note that they were motivated (or at least publicly justified) by similar reasoning. Specifically, most Fijian political elites were, and apparently still are, unable to accept the notion of a government not controlled by the indigenous ethnic community. Further, the economic dominance of Indo-Fijians is successfully used as a means for extremists to outbid more moderate Fijian politicians, as demonstrated in elections in 1977, 1999, and 2001. Outbidding has cleaved the Fijian electorate, making the election of Indian-dominated governments more likely.

Does this mean that democracy is incapable of flourishing in Fiji? Many Fijian elites certainly think so. While this chapter has not been particularly sanguine about the prospects for democratic procedures in Fiji under its present rules, I do not mean to suggest that democracy and inter-ethnic cooperation are impossibilities. Several attempts at governments based on multi-ethnic cooperation have been proposed (1983, 1997). Further, a size-

able number of Fijians and Indians have proven capable of cooperating at the polls, most notably Rabuka and Reddy's 1999 electoral coalition. Unfortunately, these efforts at cooperation have been the victims of both extremist outbidding and institutional configurations that weaken efforts to create truly broad-based governing coalitions. Even Chaudry's government lasted one year in office, suggesting that the basis for democratic government might not be as far off as many critics suggest. At the same time, democratic institutions must reflect the strong preferences of a majority of Fijians that governing institutions protect Fijian paramountcy. The hard truth is that as long as informal norms and formal rules exist that privilege the *taukei* over other citizens, and as long as Fijian elites possess incentives to exploit ethnic divisions, it will be difficult to justify any government that does not contain a sufficient Fijian presence. The FLP, despite its best efforts in the 1980s, can scarcely lay claim to represent the interests of most Fijians, a fact reflected in the strong Fijian support for the coups that removed the Bavrada and Chaudry governments.

5 Of ballots and tall grass

Malaysia's quasi-democracy and ethnic relations

You see that [points to the Petronas Towers]? That's where they tell you the money is. It's a lie. That [points at row upon row of rusted-roof buildings housing Chinese-owned construction equipment] is where the money is.

Chinese taxi driver in Malaysia in June of 2004

In October, 1987 Malaysian Prime Minister Mahathir Mohammed launched an intensive police action codenamed Operasi Lalang, or Operation Tall Grass. Under the aegis of the Internal Security Act and other legislation that granted the government wide powers of search and seizure, security forces rounded up 119 individuals accused of subverting political stability by actively discussing ethnic issues that could inflame communal tensions. The arrests came on the heels of a dramatic fissure within the United Malay National Organization (UMNO) that cleaved the dominant party into two camps, one headed by Mahathir and the other led by Tunjku Hamzah Razaleigh, the man who delivered Kelantan state to UMNO in the previous election – no mean feat given Kelantan's record of voting for PAS¹ in past elections. For the first time in more than a decade, UMNO's traditional public mask of unity was cast aside, allowing the public an opportunity to observe the contentious inner workings of the party that had dominated Malaysian politics since its independence 30 years previously.

The year 1987 also bore witness to the most serious recession in recent Malaysian history. With the pool of available wealth stretched thin, Mahathir faced an unenviable dilemma. Patronage resources used to marshal political support within the party were rapidly dissipating, hurting his chances of maintaining his dominance. As a result, competing wings of UMNO had reverted to outbidding strategies as a means of mobilizing voters. At issue was the retention of Chinese and Indian medium schools, which was testing the limits of UMNO's traditional moderation, as rival camps sought to paint their intra-ethnic rivals as selling out *bumiputera* interests. Leaders of the MCA² were cozying up to their traditional rivals in the more leftist Democratic Action Party (DAP) as the threat of Malay-language instruction became increasingly real. In this atmosphere,

Mahathir's use of coercion to mitigate the likelihood of conflict might seem justified, except that the inter-ethnic issues used to justify the arrests under Operasi Lalang were generally perceived as a red herring. The conflict in 1987 that was cast in racial terms was ultimately an intra-ethnic conflict among Malay elites about the future course of UMNO. The implications of the 1987 UMNO crisis will be explored in greater detail in a later section of this chapter. At this point, it is sufficient to note that a similar economic crisis and intra-ethnic dispute were occurring almost simultaneously in Fiji following the collapse of the Alliance system and the subsequent election of the NFP/FLP coalition. But where Fiji failed Malaysia managed to navigate the waters of potential ethnic conflict successfully, despite the draconian methods employed by the government.

This chapter will explore the comparative success enjoyed by Malaysia in managing inter-ethnic tensions. It will argue that Malaysia's ability to defer ethnic conflict is related to the government's heavy-handed ability to minimize outbidding threats by the more extreme elements of the Malay community. Malaysia is often characterized as a "repressive-responsive regime" (Crouch 1996). This description pays heed to Malaysia's record of using state power to eliminate dissent, foster state-led economic growth and promote the ethnic hegemony of the Malay people, while also noting that all Malaysians, regardless of ethnic group, enjoy political freedoms denied to the inhabitants of many other Southeast Asian states. In reality, the nature of politics in Malaysia is vastly more complex, with the prime minister's office assuming a direct role since 1987. Nevertheless, Malaysia's ability to minimize the potential for ethnic conflict rests on the retention of the fundamental components of the tacit ethnic bargain discussed in Chapter 2.

My objective in this chapter is to analyze Malaysia's comparative success in the context of three different events, two of which could have led to an outbreak in communal violence, but were successfully contained. The third event, the ethnic riot of May 13, 1969, is discussed briefly in Chapter 2. I will first expand on the precipitating events and the consequences of these riots, as they represent perhaps the single most significant event in Malaysia's independent history vis-à-vis the management of ethnic relations.

May 13, 1969 and its aftermath

In Chapter 2 I provided a brief overview of the emergence of the Malay myth of indigenouness and of the formation of the grand bargain that underlies Malaysian politics. This bargain, stipulating that Malay political hegemony would not be questioned in return for Chinese citizenship and economic freedom, was manifest in the 1957 *Merdeka* ("independence" in Malay) constitution. As Table 5.1 shows, the Chinese population of Malaysia, while not as large a percentage as the Indians of Fiji, is still quite considerable. The political clout of Chinese parties was enhanced in the

Table 5.1 Ethnic composition of Malaysia in 1997

<i>Group</i>	<i>Population</i>	<i>Percentage</i>
Malay	12,524,000	62
Chinese	5,445,000	27
Indian	1,514,000	8
Other	685,700	3
Total	20,196,000	

Source: adapted from Department of Statistics (1997).

years following the implementation of the new constitution owing to provisions that allowed Chinese to become citizens contingent upon the length of residence in the country.

The Alliance model worked well for roughly a decade because elites from the three primary parties were generally willing to compromise and the member parties of the Alliance could generally deliver the vote of their respective communities. These features began to erode quickly, however, in light of outbidding pressures from both Malay and Chinese opposition parties. On the Malay side, the Pan Malaysian Islamic Party (PMIP) appealed to Malay voters on the basis of common religious heritage and called for the introduction of Islamic law. This strategy proved particularly successful in states where Malays held an overwhelming majority and, as a result, UMNO felt less compelled to deliver patronage benefits. In the 1959 elections PMIP proceeded to win control of the Malay-dominated states of Kelantan and Terengganu. By the 1970s, PMIP had changed its name to Parti Islam Se Malaysia (PAS), yet retained its fundamental ideology. PAS's particular form of outbidding had less to do with the acquisition of financial benefits. Much like the Fiji Nationalist Party of Sakease Butadroka, PAS appealed to the cultural tenets that supposedly united all Malays under the banner of common language, religion, and adherence to *adat* (Malay customary law). Dignity and pride of purpose were used to call attention to UMNO's terrible record of corruption, patronage, and selling out Malay interests to enjoy the financial benefits of Chinese business largesse.

On the Chinese side, non-Malay parties such as the Labour Party and the DAP took advantage of MCA's image as a patronage machine beholden to Malay interests. Since these parties could credibly claim to do more to advance non-Malay interests, MCA began to lose ground throughout the 1960s (Crouch 1996). DAP's support among the Chinese only increased following Singapore's expulsion from the federation in 1965 following its brief incorporation into the Malaysian state. Many educated Chinese were attracted to DAP's position, taken from Lee Kuan Yew's People's Action Party (PAP), of a "Malaysian Malaysia." This position implied the elimination of special benefits for *bumis* and the creation of a truly pan-ethnic

national identity for all Malaysians. Naturally, this was unpalatable to most Malays who, following the brief experiment of incorporating Singapore and its fiery leader into the federation, were particularly wary of any suggestion that the special position of the indigenous peoples of Malaysia should be minimized (Gomez 1999: 179).

The increasing tensions between Chinese and Malays fueled political disputes throughout much of the 1960s, particularly in terms of the debate surrounding secondary and post-secondary education. Malay elites were adamant that their language be maintained as the official language of the state. The British tended to agree with Malays on this issue, as evidenced by the suggestions of the nominally independent Barnes Commission, charged with formulating a post-independence education policy. The Commission recommended that the special position of Bahasa Melayu (the Malay language) be reserved and that it become the medium of instruction in all government-funded schools (Ganguly 2003). In the years immediately preceding independence Tunku Abdul Rahman, who would go on to become the first prime minister of Malaysia, struck a conciliatory note on the issue. He conceded that Malaya's non-Malay communities should be allowed to retain vernacular education to the extent that this did not impinge on the preferred status of Malay or require government funding. After the 1955 municipal elections, any seeming moderation on the part of Malays began to dissipate, however. The Razak Report of 1956 suggested that "the ultimate objective of the education policy in this country must be to bring together the children of all races under a national education system in which the national language is the medium of instruction" (Razak Report, paragraph 12, quoted from Freedman 2000). The suggestions of the Razak Report would be manifest in the 1957 Language Ordinance which held that, in the interests of national unity, education be conducted in a common medium.

Over the next five years, elements of the Razak Report were enacted in a series of policy initiatives that ended funding for Chinese schools and switched national public exams to a Malay-only or English-only structure. The ultimate blow to Chinese education was the Education Act of 1961 which contained provisions that allowed the government to abolish Chinese primary schools at any time. Chinese schools were increasingly forced to convert to the national model proposed by the 1957 Education Ordinance (Ganguly 2003).

By the mid-1960s, non-Malay anger over the government's refusal to tolerate Chinese education had reached boiling point. The Chinese community responded by attempting to raise funds for a Mandarin-language school to be called Merdeka University (MU). It was hoped that this initiative, entirely funded by private donations, would be acceptable to the UMNO-led coalition government and would allow Chinese-Malaysians to receive post-secondary education in their native language without having to travel abroad. The MU project faced considerable opposition from UMNO elites

who were adamant about the need to maintain Malay as the dominant language of education, and from MCA elites who feared a loss of electoral support from middle-class Chinese voters. The MCA proposed the creation of Tunku Abdul Rahman College (TARC), an English-medium engineering school, as a means of stemming the flow of Chinese voters who were rapidly losing patience with the Alliance government. TARC was widely viewed as a poor substitute for the MU proposal even though it had the support of the government (Freedman 2000).

Debates over the future of Chinese education were a prominent feature in the leadup to the 1969 parliamentary elections. Throughout much of the 1960s, the MCA was able to corral a sizeable percentage of the Chinese electorate through its promises of patronage. The party's failure to provide any meaningful protection to Chinese-medium schools, coupled with the growing belief among Chinese-Malaysians that the MCA was selling out communal interests, led to its obliteration at the polls. MCA lost over half its parliamentary seats to Chinese opposition parties, primarily the DAP. The loss of Chinese support was particularly damaging in Penang where the Alliance lost control of the state government. On the Malay side, UMNO lost considerable ground to PAS and many UMNO members openly decried the moderate stance taken by Prime Minister Tunku Abdul Rahman on issues related to the primacy of the Malay language (Esman 1994). Few Malays, in light of the recent fracas with Singapore, were willing to tolerate other languages encroaching upon the special status of Bahasa Melayu. The Alliance fared little better as a whole, winning only 48 percent of the vote and only 66 seats in parliament (Ganguly 1997). This marked the only time in Malaysian history that an UMNO-led coalition secured less than two-thirds of the total seats in the legislature and gave DAP and other opposition parties cause for celebration.

Matters escalated on the evening of May 13, three days after the election, when jubilant opposition supporters paraded through the streets of Kuala Lumpur. Although historical records are vague, it seems clear that Chinese opposition groups taunted Malays with racially pejorative slogans (Ganguly 1997; Esman 1994). Some Malays responded with violence and in the ensuing clashes approximately 800 people were killed in Kuala Lumpur.³ Violence spread to outlying regions resulting in more deaths and considerable loss of property. In light of the extraordinary burst of ethnic aggression the government declared martial law under the aegis of the National Operations Council (NOC), a body comprised of UMNO and military elites charged with ensuring that the ethnic balance in Malaysia would never again be compromised. Malaysia's brief experiment with ethnic consociationalism was over and the chief architect of the previous ethnic bargain, Prime Minister Tunku Abdul Rahman, was replaced by his decidedly more conservative deputy Abdul Razak Hussein in 1971.

Political reorganization and the Barisan Nasional

Razak recognized the need to reorganize the Alliance, but was conscious of the inherent failings of the previous consociational model. At root the ethnic bargain failed due to the radical income inequalities between Chinese and Malays and because of the inability of the coalition to stave off the outbidding efforts of competing parties. As a result, the new order would require both political and economic reorganizations to insulate the political hegemony of the Alliance and, by extension, UMNO.

First, Razak enlarged the coalition by inviting PAS, the largely Chinese Gerakan Rakyat Malaysia (People's Movement Party) and the Peoples' Progressive Party (PPP) to join the Malaysian Indian Congress (MIC) and MCA as junior partners with UMNO. The new coalition, to be called Barisan Nasional (BN), or National Front, would secure UMNO's political dominance by co-opting two powerful non-Malay parties. DAP was not invited to join the coalition and, given the strong ideological leanings of its leader Lim Kit Siang, was unlikely to have accepted such an invitation had it been tendered. Significantly, the inclusion of Gerakan and PPP gave UMNO the ability to deploy ethnic appeals with less fear of electoral cost since the inclusion of the new parties, but primarily Gerakan, meant that votes lost by MCA might plausibly go to other Chinese parties in the BN. As Gomez (1999: 181) notes, this also gave UMNO a distinct power advantage vis-à-vis MCA and MIC since it was clear that the non-Malay parties needed Razak and his associates far more than UMNO needed them. It is also important to note that, since its inception, the core of the BN has remained UMNO, the MCA, and the MIC. Other parties are added and subtracted based on evolving circumstances. Indeed, PAS was drummed out of the BN by the late-1970s. Further, BN forges alliances with parties at the state level as well as the national level in order to ensure competitiveness in specific state elections (Crouch 1996).

The NOC also implemented reforms aimed at strengthening the Electoral Commission (EC), the body charged with delimiting constituent boundaries. As Ong Kian Ming (2004, unpublished manuscript) and Lim Hong Hai (2003) note, the EC possesses broad powers to regulate both the apportionment of districts and the physical structure of electoral boundaries. Taken together, these powers can roughly maintain the illusion of democratic practice, while at the same time insulating incumbents from electoral threat. This practice has been used extensively in Malaysia to preserve not just the power of UMNO, but also of its BN allies.

Significantly, it is immediately apparent that Malaysia's method of unfairly biasing the electoral system in the government's favor has distinct advantages when compared to Fiji's attempt to insulate the political strength of Fijians as an ethnic group. Most importantly, it does not necessarily rely on the homogeneity of the ethnic group to the extent that communal electoral districts do. Instead, malapportionment allows the EC

to construct districts in such a way as to privilege a candidate by relying on previous data about how voters in the district selected previous candidates (Ong 2004, unpublished manuscript). Even if some Malays vote for opposition parties, the system insulates the strength of the sitting government. Second, the structure of BN allows Chinese voters to buttress the government through the inclusion of Chinese parties within the coalition.

Following the initial legal rules governing the EC, implemented in 1955 under the aegis of the independent Reid Commission, Malaysia would allow for a limited rural weighting by permitting disparities between constituencies of not more or less than 15 percent of the average constituency electorate in each state (Lim 2003). Given that most Malays lived in rural areas, the ability to overrepresent these constituencies would give Malays a strong electoral advantage. This new weighting method gave rural constituencies a slight degree of leverage but did little to insulate the power of the original Alliance coalition.

The Alliance immediately began to amend the overseeing legislation for the EC by passing constitutional amendments that would give parliament wide powers to control the heretofore independent commission. These new controls included the ability to dismiss EC members who derived income from sources other than their appointed post, the annulment of Reid Commission statutes limiting the degree of rural weighting so that rural districts could be up to twice the size of urban districts, and compelling the EC to seek the consent of the prime minister and parliament whenever new delimitations were needed (Rachagan 1987; Ong 2004, unpublished manuscript; Lim 2003). While these new powers helped the Alliance retain its control of government, they were insufficient to stop the outbidding practices used by opposition parties and renegades within UMNO.

Following the riots of 1969, the NOC took the liberty of further amending the constitution, essentially making the EC an arm of the ruling coalition. Among the first steps taken was the creation of the Federal Territory of Kuala Lumpur. The city was carved out of Selangor state in order to prevent the largely Chinese population of the capital city from tilting state-level elections in favor of the opposition. The creation of the Federal Territory was also accompanied by a 10-seat increase in the parliament (Rachagan 1987). Second, in 1973 the EC was relieved of its power to apportion constituencies within the states. The number of seats in parliament and the apportionment of these seats among the states were to be specified by the constitution, thereby making these tasks the sole province of the sitting government (which controlled two-thirds of the legislature, giving it the ability to modify the constitution at will), given the advice of the EC. Finally, and perhaps most significantly, the requirement that constituencies be of roughly equal size was eliminated. In its place, the 1973 reforms stated only that "a measure of weightage ought to be given to such [rural] constituencies," thereby removing any formal constraints on district size. As Lim (2003) points out, this wording remains in force, allowing the government

considerable powers of delimitation and apportionment. In effect, rural districts could be grossly overrepresented in the legislature, giving a distinct ethnic advantage to the rural Malay population. The Chinese, who by and large derived their income in Malaysia's urban centers, found themselves increasingly disadvantaged.

At the same time, both Lim (2003) and Ong (2004, unpublished manuscript) concede that the EC still retains several key assets, providing some degree of oversight on the powers of the government to arbitrarily change electoral districts. First, the EC is delineator "at first instance" (Lim 2003: 35), giving it discretion over the recommendations made to parliament. Second, the EC is allowed by law to schedule the normal reviews of electoral districts. These reviews are intended to take place every eight to ten years, although reforms in the early 1980s allowed the EC to delay them as it sees fit. Finally, it is the EC that provides definition to such vague phrases as "a measure of weightage" and other terms that the government has left purposely undefined. Hence it has the ability to fit the rules to particular demographic contexts. While it is true that the EC can only make recommendations, it is equally true that the government has generally acquiesced to the EC's position on constituency structure (Lim 2003: 36).

Figure 5.1, derived from Lim, shows how seats were apportioned among states in peninsular Malaysia between 1974 and 1994. The states are listed in order of the highest percentage of Malay voters. Hence Terengganu and Kelantan, the two states with the highest Malay population, appear first, while largely Chinese Kuala Lumpur and Penang appear last. Significantly, those states with the highest percentage of Malay voters benefit the most from constituency delimitation procedures (at least until recently – an issue that will be discussed later). The Federal Territory of Kuala Lumpur consistently receives fewer representatives than it should be allotted by

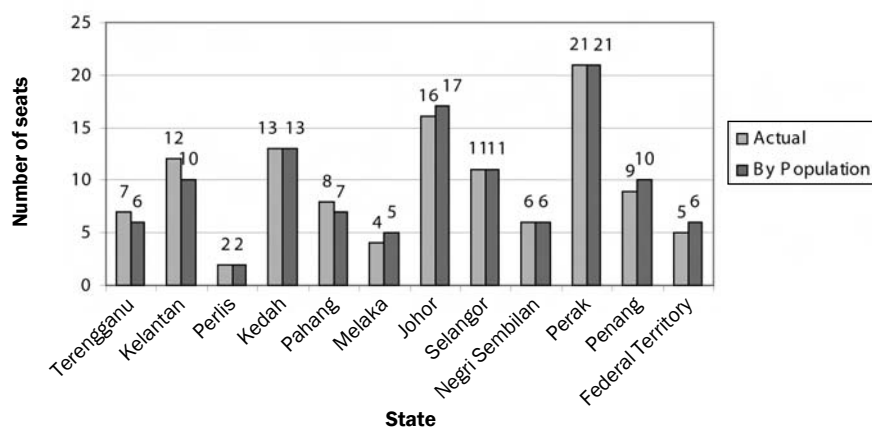


Figure 5.1(a) Apportionment of seats in peninsular Malaysia, 1974.

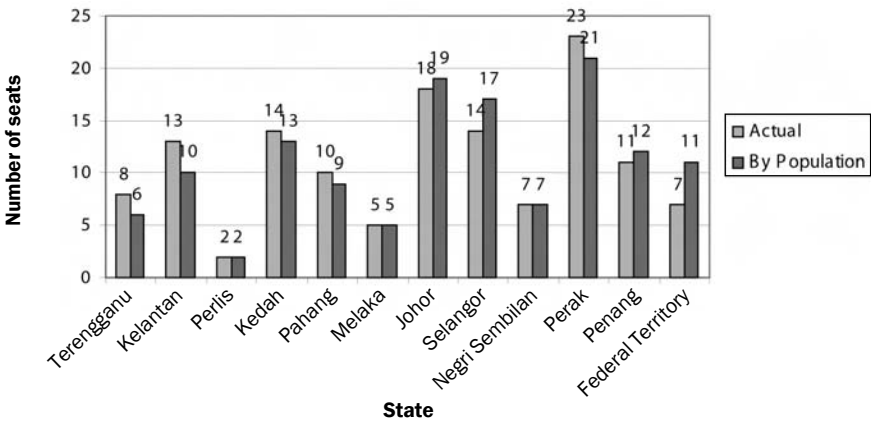


Figure 5.1(b) Apportionment of seats in peninsular Malaysia, 1984.

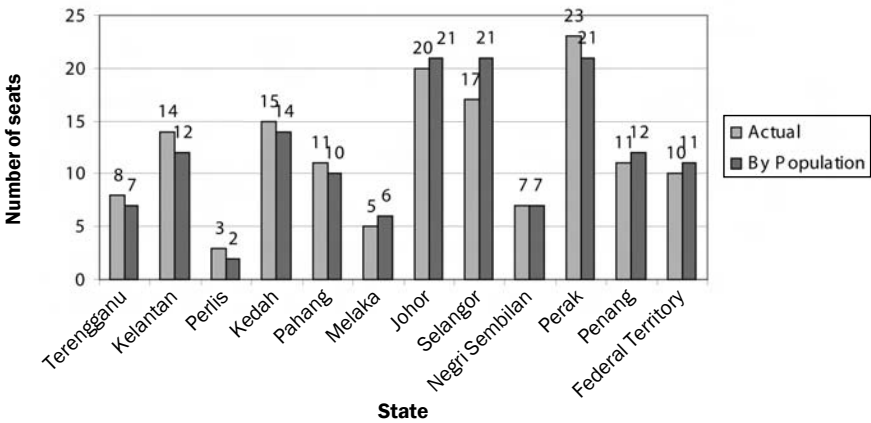


Figure 5.1(c) Apportionment of seats in peninsular Malaysia, 1994.

Source: adapted from Lim (2003).

virtue of its population, hardly surprising given DAP's strength in the district.

Beyond the manipulation of electoral districts in favor of the Malay population, the new BN government reformed a number of pieces of standing legislation in order to prevent opposition groups from effectively organizing. The Sedition Act of 1948, originally intended to quell the communist insurgency, was recast as a tool to limit communal debates. Specifically, the Sedition Act was amended to proscribe any questioning of the special position afforded to Malays. Hence future debates about the growth of a "Malaysian Malaysia" were now illegal. Further, in 1971 the

provisions of the Sedition Act were extended to parliament, thereby making political discussions of issues pertinent to the Malays' special rights illegal (Crouch 1996). In addition, the government amended the Internal Security Act of 1960 (ISA) to grant the minister of home affairs the ability to arrest and detain individuals for up to two years without trial (Ganguly 1997). Not surprisingly, the ISA has been used to intimidate critics of the government. The combination of the Sedition Act and the ISA has proven effective as a means of limiting criticism, since merely questioning the special status of Malays, the Malay language, or the special position of Islam in the country are grounds for arrest.

Alternative avenues for public dissent were stifled by government controls on the media. In 1971, the Printing Presses Ordinance was amended to require all publications to obtain a government permit. Further reforms in 1974 required Malay majority ownership of newspapers, giving UMNO leaders substantial control over the content of the print media (Crouch 1996; Ganguly 1997). As Mustafa Anuar (2003) notes, media controls have been particularly useful during times of acute political crisis, such as the 1987 UMNO split or the Anwar Ibrahim affair (to be discussed below) since opposition groups have few means to express competing perspectives.

The New Economic Policy

The changes brought about under the National Operations Council included specific guarantees for the *bumiputera* population, in terms of both securing their political dominance and providing assurances that their subordinate economic position would be adequately addressed. These guarantees were manifest in the New Economic Policy (NEP) initiative of 1971. The NEP represented a radical shift in the structure of the Malaysian bargain. Implemented to remove identification of race as a proxy for economic function (in other words, to raise the economic position of the *bumi* population) and to reduce poverty nationwide, the NEP was both ambitious in its scope and unjust in its methods. Nevertheless, great care was taken to ensure that the Chinese population, who generated the bulk of Malaysia's economic output, would retain incentives for productivity (Esman 1987).

Figure 5.2 shows the distribution of ownership of share capital of companies as of 1970. It is immediately apparent that Malays were at a significant disadvantage vis-à-vis the Chinese population. Foreign firms controlled the vast majority of economic assets, totaling 60.7 percent, but this does not reduce the significant role played by the Chinese as the economic linchpin of the country. Significantly, Chinese domination of all sectors relative to the Malays was a source of considerable anger for Malay voters. Frustrated by the lack of delivery on the promise of economic growth, it is not surprising that UMNO suffered a setback in the 1969 elections.

The NEP introduced changes to an array of Malaysian social institutions

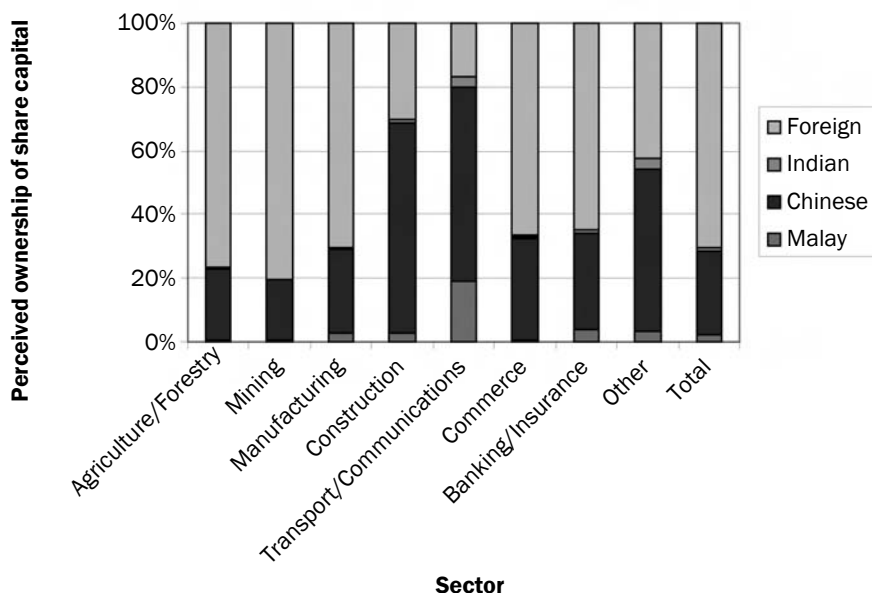


Figure 5.2 Ownership of share capital in 1970.

Source: based on data from Gomez and Jomo (1997).

including education, commerce, and industry. Broadly conceived, the affirmative-action programs included under its mandate were intended to increase *bumiputera* participation in the formal economy from the paltry pre-1970 numbers to 30 percent ownership by the year 1990 (Gomez and Jomo 1997; Ganguly 1997).⁴ Given these ambitious goals, the BN implemented a series of reforms in the education sector aimed at forging a viable Malay business class. English-medium schools were rapidly converted to Malay, causing many Chinese families to enroll their children in Chinese-medium schools. According to the edict of the education minister, Datuk Patinggi Haji Abdul Rahman Yaacub, Malay would replace English one grade level at a time until all education was conducted in Malay.⁵ More disconcerting to the Chinese was a 1982 curriculum change that put greater focus on writing and reading skills and mathematics. The government-approved textbooks for the new curriculum were initially available only in Malay, despite assurances that Chinese texts would soon be provided (Ganguly 1997; Crouch 1996). Fearful that these new rules would further encroach on time needed for Chinese-language instruction, Chinese groups expressed their displeasure by abandoning the MCA in droves for the DAP.

Given low Malay enrollment numbers, the government also introduced a quota system for higher education that was intended to ameliorate the imbalance between Chinese and *bumi* students. Quotas for Malay students

were needed, it was argued, to spur economic development among *bumiputeras*. As Crouch (1996) notes, Malays were woefully underrepresented in the sciences. In 1970 Malays constituted only 1.3 percent of engineering students, 12.4 percent of science students, and 17.2 percent of medical students. In 1977 Prime Minister Hussein Onn pointed out that during the previous 18 years only 12 of the 1126 graduates of the University of Malaya's engineering faculty and only 249 of the 3272 science graduates were Malays (1996: 163).

To compensate for this disjuncture, ever-increasing quotas of Malay students were allotted spaces at the country's universities. By 1977, this quota was a staggering 75 percent and the vast majority of *bumi* students received some form of government assistance to pay for college. To be sure, this growth in Malay university attendance has greatly helped *bumis* by providing them with access to education that they previously could not have afforded. That said, there has been a widely noted decline in educational standards and many Malay students benefit greatly from the comparative pedagogical leniency shown them by the largely *bumiputera* faculty at Malaysian universities (Ganguly 1997; Crouch 1996).⁶

Not surprisingly, Chinese resentment of the NEP's educational provisions is very high. Prior to 1970, Chinese students comprised well over half of university admissions. Further, the standards used to admit students, regardless of ethnic category, were consistent. Given the significant changes in admissions guidelines after 1970 many Chinese families are compelled to send their children abroad for university education, provided they can afford it (Tan 2001). Obviously, the cost of such a strategy is generally prohibitive. Yet, as both Crouch (1996) and Freedman (2000) note, many Chinese families – even those in the middle class – make the requisite sacrifices to send their children overseas. Government assistance for overseas education is not forthcoming for non-*bumi* students. In contrast, Malay students are afforded numerous financial aid packages enabling them to study at overseas institutions (Crouch 1996: 188).

In the 1970s, Chinese anger manifested itself in renewed calls for the creation of the Merdeka University, an initiative that Malay elites were almost universally opposed to. Throughout the decade, MCA became increasingly unable to appeal to rank-and-file Chinese voters who perceived the party as nothing more than a pliant junior partner of UMNO. Given DAP's strident calls for Chinese-medium schools and a reduction in the quotas favoring *bumis*, many educated Chinese voters shifted their allegiance away from the BN. UMNO, recognizing the potential threat to BN's second-largest constituent party, conceded ground on the quota system in 1978, reducing the required percentage of *bumi* students from 75 percent to just over 65 percent (Crouch 1996; Ganguly 1997).

The growth in overseas education on the part of Malay and, to a lesser extent, Chinese students dovetailed nicely with initiatives begun during the tenure of Mahathir Mohammad. Specifically, Mahathir recognized the need

to improve English-language proficiency if Malaysia wished to be competitive in the global economy. Thus in 1993 Malaysia began instruction in science and mathematics in English. UMNO portrayed this policy change as a concession to non-*bumi* groups, although this is a mischaracterization since the goal of English instruction has as much to do with Malay economic competitiveness as any other objective (Ganguly 1997).

The Permodalan Nasional Bhd. and the development of the state-run economy

Reforms to the education system are but one facet of the NEP's overarching strategy to raise the economic position of the *bumi* majority. The need to immediately develop a Malay ownership and managerial class has been an equally important component of the program. This occurred on several key fronts. First, government-sponsored holding firms were created to invest corporate wealth on behalf of the *bumiputera* population. In addition, the government formed lending agencies and banks that specialized in providing capital to emergent Malay businessmen. Third, the nationalization of key sectors, such as the profitable petroleum industry, allowed the government to open up new economic opportunities to the indigenous population.

As Crouch (1996) argues, government leaders recognized that Malays could not compete with Chinese firms who had a decided advantage in experience, capital, and resources. It was understood that government intervention would be needed to achieve the 30 percent benchmark by 1990. As a result, the BN introduced a number of programs to ameliorate Malays' dismal pattern of corporate ownership. In 1969, in the immediate aftermath of the May riots, the NOC initiated the Perbadanan Nasional, or Pernas. Pernas quickly emerged as a giant conglomerate with RM179 million in assets in 1981 (Gomez and Jomo 1997). The ostensible purpose of Pernas was to acquire corporate wealth, develop it, and hold it in trust for the *bumi* population (Crouch 1996). At the same time, individual *bumiputeras* were showing little tendency to seize the financial opportunities provided for them by the government. Indeed, as Gomez and Jomo (1997) note, despite its investments for individual Malays, individual *bumi* ownership of Pernas holdings dropped from 60 percent in 1970 to 34 percent in 1980, owing to the tendency to quickly sell off stock assets as soon as they were given. In other words, few Malays actually held on to their equity shares in Pernas. Moreover, the government had good reason to suspect that many of the shares were sold to Chinese citizens, essentially subverting the entire purpose of Pernas.

Permodalan Nasional Bhd. (PNB) was formed in 1978 as a means of increasing Malay ownership in the corporate sector by purchasing the shares of publicly held companies and keeping them in trust for Malays. Pernas and other public corporations were required to transfer their most

profitable shares to PNB's affiliate trust fund, Amanah Saham Nasional (ASN) in order to bolster its holdings. As a result, PNB quickly became the largest conglomerate in Malaysia, with interests in 159 companies (Crouch 1996). The strength of PNB was enhanced by the immense pressure brought to bear on foreign investors by the Ministry of Trade and Finance. Foreign companies were required to restructure their holdings such that the ministry could acquire a percentage of the shares for PNB (Gomez and Jomo 1997). As Figure 5.3 suggests, the growth in the Malaysian economy has helped all Malaysians regardless of ethnicity. Nevertheless, the NEP has failed in its goal of achieving 30 percent Malay ownership by 1990. Despite the structure

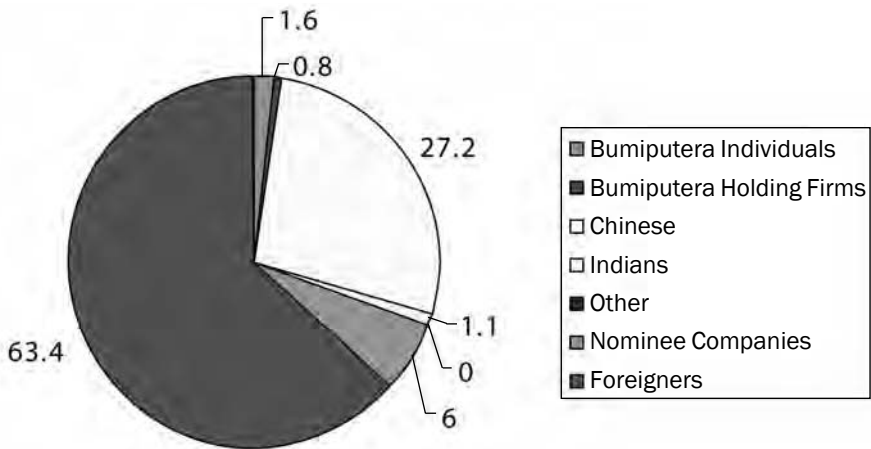


Figure 5.3(a) Ownership of share capital, 1970.

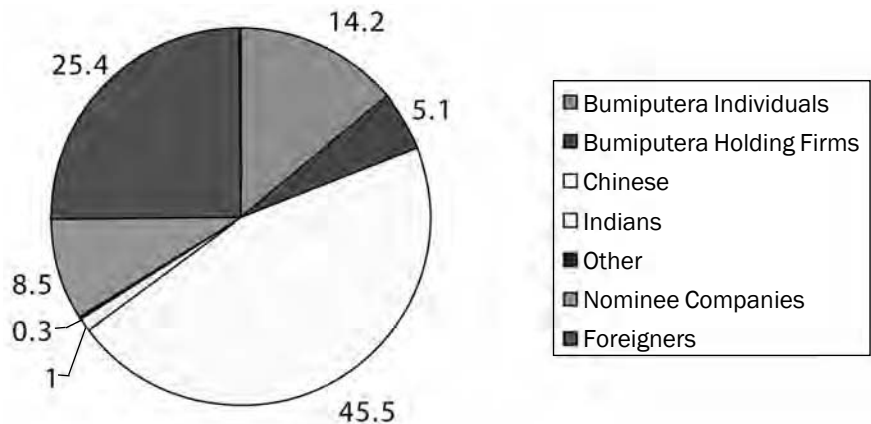


Figure 5.3(b) Ownership of share capital, 1990.

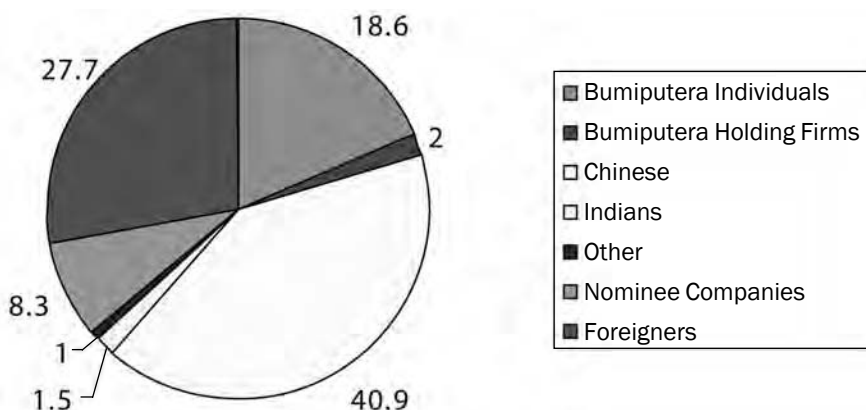


Figure 5.3(c) Ownership of share capital, 1995.

of incentives under the NEP, Chinese economic growth has continued unabated. In fact, as Tan (2001) notes, Chinese ownership of the Malaysian economy doubled over the first 20 years of the NEP.

The massive holdings of PNB, Pernas, and other holding firms have also created a serious risk of rent-seeking behavior on the part of the government. Indeed, as Gomez and Jomo (1997) and Crouch (1996) note, the increase in state involvement in the economy has witnessed an attendant rise in the use of government-held wealth as a means of mobilizing political support. The use of patronage resources is not a surprise given the lucrative assets to be had should groups cooperate with UMNO policy initiatives. As will be seen in later sections, access to patronage has both helped UMNO retain power in difficult periods (such as the crisis of 1997) and hurt it by creating intra-Malay divisions between financial winners and losers (as witnessed in the 1999 elections where PAS made powerful strides).

The creation of holding firms has increased the Malay stake in the economy, but generally has served to increase the economic position of UMNO elites and affiliated Chinese companies. Other components of the NEP strategy have sought to improve the economic viability of Malay businessmen. The Malaysian government has created lending agencies such as Bank Bumiputera in order to provide finance capital to emergent Malay businesspeople. Further, the government established programs to provide technical advice for Malays trying to set up new business ventures. Beyond this, state intervention in the economy has included nationalization of the tin and petroleum sectors. All told, massive state intervention in the economy has had the effect of improving *bumiputera* economic performance coupled with a rise in corruption.

Finally, the government has required publicly held companies to promote *bumi* management and ownership. Since 1970, hiring and promotion quotas have extended beyond the bureaucracy to encompass private firms as well.

Foreign firms are similarly requested to hire and promote Malays (Crouch 1996; Ganguly 1997). As a result of these interventions, Malay participation in the economy has substantially increased. Significantly, we see a growth in Malay representation in the managerial and service sectors, areas of the economy previously bereft of Malay involvement. Table 5.2 shows the changes in occupational sectors according to ethnicity between 1957 and 1995. The most striking numbers pertain to the shift in *bumi* participation in the professional and technical sectors, administration and management, and services. Affirmative-action provisions requiring that public works projects be contracted out to *bumiputera*-owned firms have also helped to increase Malay participation in the modern economy.

All told, the NEP must be considered a partial success. Most obviously, the NEP has succeeded in its stated goal of improving the economic status of all Malaysians, regardless of ethnicity. According to Crouch (1996), real per capita income more than doubled between 1970 and 1990. Further, there can be little doubt that Malays benefited enormously from the NEP, as Figure 5.3 and Table 5.2 demonstrate. While the NEP improved the economic status of Malays, incorporated the indigenous population into the urban economy, and increased corporate ownership on the part of *bumis*, the government failed to meet its stated goal of 30 percent Malay ownership of the national economy by 1990. More disturbingly, there are clear signs that the NEP has produced a large number of Malay entrepreneurs who are either incompetent or financially insolvent. Ganguly (1997: 262) observes that at least one government-sponsored lending agency reports exorbitantly high default rates by Malays, who either felt that loans did not need to be repaid or failed in their business ventures. Similarly, Gomez (1999: 184) notes that the NEP and its numerous pro-Malay programs have, at best, fostered a "subsidy mentality" on the part of *bumiputeras* who see the state as little more than an avenue to wealth redistribution. Hence, the NEP's

Table 5.2 Employment by occupational category and ethnic group

	1957			1970			1985			1995		
Occupation	M	C	I	M	C	I	M	C	I	M	C	I
Professional and technical	35.1	41.9	12.1	47	39.5	10.8	54.4	32.4	11.1	64.3	26.2	7.3
Administrative and managerial	17.5	62.3	12.3	24.1	62.9	7.8	28.2	66	5	36.1	54.7	5.1
Clerical	27.1	46.2	19.9	35.4	45.9	17.2	54	36.8	8.7	57.2	34.4	7.7
Sales	15.9	66.1	16.8	26.7	61.7	11.1	37.9	56.8	5.2	36.2	51.9	6.5
Service	39.7	33.3	12.8	44.3	39.6	14.6	57.9	31.2	9.7	58.2	22.8	8.7
Agriculture	62.1	24.3	12.8	72	n.a.	9.7	73.5	17.2	8.3	63.1	12.9	7.5
Production	26.5	53.5	18.9	34.2	55.9	9.6	45.5	43.1	10.9	44.8	35	10.3

Source: adapted from Gomez and Jomo (1997) and Ganguly (1997).

many successes must be weighed against the emergence of corruption and lower standards.

Despite Chinese frustration with the blatantly discriminatory policies of the NEP, Chinese economic strength in the years since 1970 has only increased. As Figure 5.3 and Table 5.2 make clear, Chinese ownership of corporate wealth has grown, as has Chinese participation in the administrative and managerial sectors of the economy. Nevertheless, there is a strong perception that the Chinese succeed *in spite of* government policies, rather than because of them. This characterization is true. Chinese firms have been forced to accept Malay sitting partners who do little to help the company other than provide a facade of multi-ethnic ownership (Crouch 1996: 207). Furthermore, government contracts given out to *bumi* firms are frequently subcontracted to more competent Chinese companies despite government efforts to quell such activities.⁷

These gross inefficiencies belie the important conflict-reducing characteristics of the NEP. As the case of Fiji suggests, increasing economic frustration on the part of an indigenous majority does little to reduce the risk of outbidding. As will become apparent in a moment, outbidding in Malaysia has generally been unsuccessful owing to the government's monopoly on deploying the ethnic card for political purposes. In fact, outbidding is generally most prevalent within UMNO, particularly in terms of calls for economic redistribution. These calls have, on occasion, manifested themselves in serious threats to communal harmony, yet the enduring institutional mechanisms of the state have managed to stave off inter-ethnic violence. Equally as important, the NEP has not imperiled Chinese economic success, in spite of the disincentives their policy ostensibly promotes. In part, this is the result of a wide-scale patronage system that effectively incorporates vested Chinese business interests while at the same time providing Malays with the economic largesse of national economic growth (Esman 1987).

The crisis of 1987 and the beginning of the executive state

As has been seen, the domination of UMNO (and subsequently the ethnic domination of the Malays) is contingent upon the continued cohesiveness of UMNO. If UMNO fractures, the viability of the BN is lost and the likelihood of an escalation in inter-ethnic conflict increases. Such a split occurred in the 1980s and led to a serious threat to political order in Malaysia. The conflict has its roots in both intra-UMNO politics and the decline in patronage resources owing to a serious economic recession.

The global recession of 1987 greatly affected Asian economies. As Gomez (1999) observes, Malaysia could not sustain the considerable economic growth it enjoyed during the first decade and a half of the NEP. Gomez suggests that Chinese dissatisfaction with government policies may have served as an important cause in the precipitous decline in private investment in the Malaysian economy. Significantly, the general reduction

in MCA's political influence within BN caused a number of Chinese businessmen, the traditional core of MCA's constituency, to abandon the party (Gomez 185–6).

On the Malay side, the recession came at a time of serious upheaval within UMNO. The conflict effectively began with the resignation of Prime Minister Datuk Hussein Onn in 1981 and the election of Mahathir as UMNO leader, and hence as the new prime minister. A struggle immediately began over the choice for new deputy president of the party, a position that also determined the new deputy prime minister. The two contestants were Datuk Musa Hitam, the education minister and Mahathir's preferred choice, and Tengku Razaleigh Hamzah, the finance minister. The two candidates fought bitterly between 1981 and 1984 for control of the position of deputy, with Musa narrowly winning all intra-party votes. By 1984, however, Musa's relationship with Mahathir was eroding due to Musa's disapproval of Razaleigh's appointment as minister of trade and industry. Mahathir felt that expelling Razaleigh from UMNO would be disastrous since Razaleigh had successfully delivered Kelantan province to BN in previous state elections.⁸ Defeating PAS in the heavily Malay states of Terangganu and Kelantan was critical for BN, and UMNO in particular, to the extent that these states would deliver only Malay representatives to the parliament, thereby reducing BN's reliance on Chinese constituent parties. Mahathir's desire to win these crucial states manifested itself in UMNO's attempts to portray itself as the true protector of Islamic values in Malaysia, a strategy that culminated with the prime minister's wooing of the charismatic young politician Anwar Ibrahim to the post of UMNO youth leader.

As a result of his personal misgivings, Musa stepped down as deputy prime minister in 1986. Unfortunately for Mahathir, many of his UMNO colleagues took his domineering style poorly, and Musa and Razaleigh put aside their differences in time for the party election of early 1987 to challenge Mahathir for control of UMNO. While the two former opponents narrowly lost their bid for power, they succeeded in undermining Mahathir's stranglehold on control as UMNO found itself cleaved between the prime minister's supporters and those who favored Razaleigh.⁹ Razaleigh's wing took Mahathir to court, charging that UMNO received support from unregistered elements of the party and that the vote should be null and void. The court not only agreed, but went a step further to declare UMNO an illegal organization under the Societies Act.

In light of the strong push from the dissidents, Mahathir was forced to call on old UMNO members to join his "new" UMNO Baru party (literally, New UMNO) in the summer of 1988, using party patronage and veiled threats to swell the ranks of his supporters. Faced with Musa's defection and the fact that he could not easily force a new party election under circumstances that favored him, Razaleigh started a new party, Semangat 46 (Spirit of '46),¹⁰ and in October of 1989 he was elected president of the party and prepared for the 1990 general elections.

The 1990 general elections

Semangat 46 (S-46) was given a difficult choice. It could choose to outbid UMNO and try to get Malay votes by claiming to be the party of Malay interests or it could try to forge its own multi-ethnic alliance. It chose the latter option and tried to develop regional alliances with DAP and PAS. Obviously, this strategy had weaknesses as well as strengths. S-46 offered to help PAS and DAP in constituencies where they dominated in order to help them win control of state governments. In exchange, PAS and DAP would support S-46 at the federal level.

At the same time, this strategy was beset by two problems. On one hand, DAP and PAS were diametrically opposed to one another. Where PAS sought to implement Islamic law, DAP preferred a secular state. Clearly, the two parties were unable to compromise on the fundamental tenets of their respective platforms. Second, Razaleigh was not a particularly popular figure with rank-and-file members of either party. Recall that Razaleigh was the man most responsible for defeating PAS in Kelantan in 1977 and was instrumental in having the Islamist party expelled from BN in the late 1970s. On the other side, DAP had little reason to support a former minister of trade and finance who supervised the very set of policies that Chinese voters most despised.

Despite these problems, Razaleigh was confident that he could exploit the relative unpopularity of UMNO and deny BN of its two-thirds majority in parliament. Despite a strong showing by DAP, who won 20 of the 180 seats, UMNO and its BN allies managed to secure 127 seats and with it the two-thirds majority needed to amend the constitution (Crouch 1996). Nevertheless, BN's percentage of the popular vote diminished considerably and it lost control of state governments in Kelantan and Sabah. At the same time, however, Mahathir had weathered the greatest challenge to his rule.

The 1987 crisis is significant for several reasons. In terms of this project, however, the most important issues related to the UMNO split and the subsequent elections pertain to the deployment of communal issues and the enhanced powers of the prime minister's office. Recall that the Malaysian recession was exacerbated by Chinese dissatisfaction with NEP programs. In October of 1987, in the midst of the UMNO split, the DAP and MCA joined together to protest the appointment of non-Mandarin-speaking administrators at Chinese-medium schools. As Freedman (2000) notes, the Malay response was swift, as the UMNO youth wing countered with a protest of their own. In order to circumvent the possibility of ethnic violence, which was widely feared given the heated passions, Mahathir initiated the previously mentioned Operasi Lalang. The use of the ISA to detain political opponents, including DAP leader Lim Kit Siang and several UMNO members, sent a powerful message that outbidding strategies would not be tolerated.¹¹ Indeed, this message was heeded by S-46 in the 1990

general elections. Razaleigh avoided the use of communal appeals and instead forged an electoral agreement with DAP and PAS.

Secondly, the events of 1987–90 suggest that the seventh hypothesis – that inter-ethnic peace is less likely to persist when the national economy faces a recession or downturn that limits the resources available for redistribution – is accurate. Recall that Fijian crises took place during periods of economic recession in 1987 and 1999. At these points, Fijian divisions became more acute as the emergent Fijian business class clamored for scarce economic assets (Ratuva 2000). Similarly, the events precipitating Operasi Lalang tend to underscore the fragility of Malay unity in the face of limited economic growth. Gomez (1999: 187) succinctly notes that:

It was clear, despite the rhetoric of ethnically based parties, that even common ethnicity was not able to create social cohesion, especially during an economic crisis. When this disunity affected even those among the Malay ruling elite, it meant that an almost inevitable outcome would be further concentration of power and the maintenance of control of the party through oppressive means.

Gomez leads us to the third critical consequence of the 1987 crisis – the growth in the power of the executive. Mahathir used the image of communal violence to satisfy his personal political objectives and to centralize political power under the aegis of the office of the prime minister. No doubt many members of Razaleigh's camp were sufficiently intimidated by the use of the ISA on UMNO members to sway them to return to UMNO Baru.

By the general elections of 1995 the opposition was sufficiently demoralized to allow UMNO and the BN to storm back at the polls, significantly increasing their political strength in parliament. Crouch (1996) brings up the important point that while the UMNO split was, for elites at the top of the party, about personal political rivalry, at the middle and bottom it was primarily about access to patronage. Such patronage was in short supply in the late 1980s owing to the global recession. Hence groups jockeyed to be on the winning side. Mahathir's use of force on members of his own party was clearly part of an overarching strategy at maintaining intra-Malay cohesion in light of divisive exogenously determined shocks. Convincingly, the Malaysian economy was again achieving record growth rates by the mid-1990s, leading to an UMNO sweep at the polls in 1995 and further proving that everyone loves a winner.

The Anwar Ibrahim incident and the 1999 elections

The 1997 Asian financial meltdown presented a serious problem for Malaysia. Mahathir was insistent on the continuation of several large-scale construction projects, including the opening of a railway linking Kuala Lumpur to the brand new Kuala Lumpur International Airport. At the

same time, Mahathir's more prudent finance minister, Anwar Ibrahim, was rapidly cutting government support for mega-projects as a means of protecting the economy from the effects of the economic downturn. Interest rates were allowed to rise and Malay firms were denied government assistance to avoid bankruptcy. Given the severity of the financial crisis, Anwar's austerity might be viewed in a positive light. Nevertheless, Anwar's decisions were openly derided by Mahathir and, following an UMNO youth rally in Kuala Lumpur where Anwar's allies attacked the government for its tolerance of corruption, he was sacked on September 2, 1998 (Saravananuttu 2003).

The firing of Anwar produced a storm of protest. Anwar was a widely respected and charismatic leader generally viewed as Mahathir's likely successor. Further, Anwar enjoyed the support of a large number of conservative Malays, making him a valuable asset for UMNO, a party continually beset by accusations of religious impiety by right-wing Malay parties. In order to circumvent a likely contest for the leadership of UMNO, Mahathir jailed Anwar in 1999 on charges that included accusations that the former deputy had engaged in a homosexual affair (Saravananuttu 2003; FEER 2001).

Given his use of similar tactics in 1987, Mahathir no doubt believed that his actions against Anwar would secure his political dominance within UMNO and eliminate any possible dissent towards his economic initiatives. This proved not to be the case. The mistreatment of a popular figure like Anwar, coupled with increasing frustration with the sour economy, compelled many Malays to gravitate toward PAS. Also, as Anwar (2003) notes, the emergence of a new party led by Anwar's wife further cleaved UMNO's traditional support base. The multi-ethnic Keadilan Nasional was predicated on social justice and the creation of truly competitive democracy in Malaysia. As such, it commanded considerable support from the growing Malay middle class frustrated by the social controls that limited their freedoms even as they opened up new economic opportunities previously denied to the *bumi* population.

In the leadup to the 1999 general elections, Keadilan forged a preelectoral agreement with PAS and DAP to coordinate strategies. Unlike Razaleigh's doomed effort to build such an unlikely coalition in 1990, however, the new Barisan Alternatif (BA) had no illusions about the congruence of PAS and DAP's platforms. Instead, BA members produced only state-level alliances, thereby reducing the need to compete with one another. That said, Lim Kit Siang and the DAP can scarcely be said to have maintained cordial relations with their partners, owing to significant divergences in their platforms, particularly PAS's adherence to the principles of an Islamic state. Further, where Lim was content merely to deny the BN its two-thirds majority, Keadilan and PAS sought to win the election outright (Saravananuttu 2003). In September, 2001 DAP withdrew wholly from the BA.

Whatever the intentions of the BA's component parties, the reality was that the BN faced a credible electoral challenge. The arrest of Anwar galvanized young Malays against UMNO. Further, the subsequent trial led to a number of revelations about the inner workings of UMNO. Charges of rank corruption, malfeasance, and the misuse of the judiciary were leveled against Mahathir and served to raise the ire of a traditionally politically apathetic community. For once, intra-Malay issues transcended the perceived threat posed by Chinese economic and political aspirations (FEER 2001).

The 1999 elections produced a narrow victory for the BN. The coalition won 148 out of 193 seats, giving it the critical threshold of 128 seats needed to wield the two-thirds majority necessary to amend the constitution. That said, few positives can be gleaned from the election results. BN, and UMNO in particular, was utterly decimated in Kelantan and Terengganu, where PAS took control of the state governments. Further, BN lost a total of 20 seats in parliament. PAS, in contrast, claimed 27 seats, a sharp increase from the 9 seats it held following the 1995 elections (Mohamad 2003; FEER 2001).

UMNO elites in particular viewed the 1999 election returns with deep concern. UMNO's overall share of the popular vote plummeted from 36.5 percent in 1995 to 29.5 percent in 1999. PAS's level of popular support rose from 7.3 percent to 15 percent over the same timespan. As Mohamad (2003) notes, however, it is critical to examine the two parties' performance in Malay majority districts to truly gain an appreciation of UMNO's losses. Mohamad examines UMNO and PAS support in the 58 districts where more than two-thirds of voters are Malay. He finds that in every single constituency support for UMNO declined from the 1995 level. In some of these districts, the loss in popular support exceeded 25 percent, leading to UMNO's complete obliteration at the polls. In 1995, these 58 districts gave UMNO 62 percent of the vote. In 1999, however, this number dropped to 49 percent (Mohamad 2003: 73–4).

There can be little doubt that the survival of BN rested with UMNO's Barisan Nasional partners, particularly MCA and Gerakan. In fact, in the face of the disastrous outcome in 1999, BN has reevaluated its policy on the structure of electoral districts. Increasingly, electoral districts are being drawn on the basis of MCA and Gerakan's ability to defeat DAP. This strategy recognizes that the maintenance of BN rule must consider the critical role played by non-Malay parties, particularly when economic downturns and intra-Malay conflict imperil UMNO's traditional hegemony.¹² Significantly, in 1999 Chinese voters tended to support BN parties at a higher level than DAP, a marked change from previous Chinese voting trends that tended to grant considerable support to the DAP and other opposition parties (Ng 2003).

Clearly, the multicommunal nature of BN paid off for UMNO in 1999. Critically, it is important to note that the intra-Malay divisions observed in

the runup to the election could have manifested itself in potential outbidding by parties eager to deploy the race card for political gain. This did not happen, however. More significantly, UMNO's reliance on Chinese parties in light of its own deficiencies portends the increased importance of inter-ethnic political cooperation within BN. In other words, while the central role of UMNO within the BN framework cannot be overstated, the coalition's smaller constituent parties have gained valuable strength to the extent that the BN's very survival is contingent upon Chinese support.

The 2004 elections: a revival of UMNO dominance

It is ironic that following UMNO's worst ever electoral showing in 1999, the party should rebound as strongly as it did in the 2004 elections. Yet the 2004 election results returned BN's largest majority, 199 out of 219 seats. Furthermore, UMNO won control of the state assembly in Terengganu, a startling achievement given its rout at the hands of PAS in 1999 (Gomez 2006; Haji Maarof and Noorashikin 2004: 7).¹³ The electoral threat posed by the PAS in 1999 was effectively nullified, as it lost 21 seats, relinquishing the opposition role to the DAP. Funston (2006) notes that changes to the electoral system, including apportionment increases in areas traditionally supportive of UMNO, as well as improving economic conditions, contributed to UMNO's 2004 success.

Gomez (2006) argues forcefully that a significant part of UMNO's success in 2004 lay in its professed commitment to reducing poverty among rural Malays and engaging in serious economic reform. Again, the success of affirmative-action programs in Malaysia, just as in Fiji, has been limited to the extent that redistributive programs are subject to easy capture by politically connected elites. Critically, this conforms to the tenets of the theory presented in Chapter 3. To the extent that NEP programs have been unable to reach Malays in the traditional *bumiputera* heartland in Kedah, Terengganu, and Kalantan, PAS has traditionally been more successful at exploiting indigenous frustrations. UMNO's efforts to address poverty in Malay strongholds through increased investment, as well as commitments to develop Malaysia's agricultural sector, greatly inhibit PAS's ability to effectively outbid.

To be sure, these are not the only reasons for BN's success in 2004. In addition to the aforementioned changes in electoral district apportionment, Funston notes the serious organizational deficiencies within PAS, and deep misgivings about the party's religious message following the terrorist attacks of September 11, 2001, contributed to UMNO's victory. Nevertheless, BN's 2004 electoral success and its attendant reflection of moderate Malay control of the Malaysian state bode well for the theoretical expectations presented in this volume.

Analysis

Malaysia's comparative inter-ethnic peace, despite communal tensions that are very similar to those in Fiji, has been widely lauded (Ganguly 1997; Crouch 1996). I argue that Malaysia's successes in building its economy while maintaining ethnic coexistence is the result of a concerted effort to retain fundamental components of the tacit ethnic bargain originally put forward in the 1950s. Specifically, the dominance of UMNO, a comparatively moderate indigenous party, coupled with the continued economic success of the Chinese population, have allowed the country to avoid the pitfalls that have persistently bedeviled Fiji.

Insulation of indigenous dominance

The first hypothesis states that multi-ethnic coalitions dominated by parties of the indigenous ethnic community, but that include minority economic groups in some limited fashion, are more likely to produce inter-ethnic peace than governments solely consisting of one ethnic group. In terms of the first hypothesis, Malaysia tends to confirm the importance of multi-ethnic governing coalitions dominated by indigenous ethnic parties that include minority ethnic groups. Clearly, the inclusion of smaller parties like Gerakan has not always been necessary (although it proved vital in 1999), but it gives UMNO a distinct advantage when it comes to getting Chinese voters to acquiesce to the unpalatable policies of the NEP and NDP.

At the same time, there exists evidence that the significant shifts in Malaysian politics after 1987, particularly the vesting of enormous power in the prime minister's office, may be increasingly relevant for conflict management. Malaysia's economic situation in 1999 was arguably far more tenuous than the recession of the mid-1980s. Nevertheless, despite widespread protests and internal wrangling, Mahathir managed to maintain a higher degree of internal party unity, avoiding the intra-UMNO ruptures experienced in 1987. Thus, while UMNO suffered at the polls, it retained its political dominance owing to both the increasingly anti-democratic inner workings of the party and the vastly more consociational reliance on smaller BN member parties.

The second hypothesis states that electoral systems that overrepresent constituencies dominated by the political group are more likely to maintain inter-ethnic peace than electoral systems that distribute representation more equally among all groups. Here we see a mixed record in Malaysia, although the fundamental nature of this hypothesis is confirmed. Again, Figure 5.2 demonstrates the utility of overrepresenting Malay constituencies. The Electoral Commission, and increasingly the prime minister's office that oversees the EC, has routinely given preference to Malay districts in the hope of biasing the parliament in favor of UMNO. Interestingly, as intra-Malay political disputes assume higher salience, especially vis-à-vis

PAS in Kelantan and Terengganu, the decision to use delimitation and malapportionment powers to favor Chinese parties affiliated with the BN becomes a valuable tool for UMNO. Hence, the second hypothesis tends to oversimplify the complex nature of communal politics in Malaysia to the extent that intra-Malay conflict can make the overrepresentation of indigenous groups a potential danger to indigenous rule. Nevertheless, this phenomenon has only been observed in the 1999 election, an election rife with serious divisions in the Malay community owing to both economic recession and the Anwar controversy.

Malaysia's post-independence political history tends to confirm both the third and fourth hypotheses. The third hypothesis states that as the population of the economic group increases, the likelihood of inter-ethnic conflict also increases to the extent that electoral systems cannot fully insulate the dominance of the political group. Owing to low birth rates and the expulsion of Singapore from the Federation in 1965 the Chinese population has diminished relative to *bumis* over the course of the past 40 years. It is not surprising that communal tensions, while high, have not manifested themselves in violence since 1969 to the extent that Chinese parties generally need UMNO as much as, or more than, UMNO needs them. This has been particularly true for the MCA, since its base in the Chinese business community is dependent upon BN patronage (Gomez 1999).

Similarly, the fourth hypothesis – the more politically fragmented the indigenous political group, the more unlikely it will be to maintain political dominance, thereby increasing the likelihood of future inter-ethnic conflict – has been borne out on two occasions. First, in 1969 recall that UMNO lost considerable political support to PAS owing to dissatisfaction with government programs to ameliorate Malay economic backwardness. Second, the UMNO split of 1987 represents the closest post-NEP Malaysia has come to ethnic violence. This crisis was averted owing to the oppressive tactics of Mahathir, although it is important to note that ethnic outbidding on the part of both Chinese and Malay parties precipitated Operasi Lalang (Gomez 1999; Freedman 2000). Overall, the political reforms made in the years following the May 1969 riots have served to insulate the political authority of Malays. Hence, the ethnic bargain has been satisfied to the extent that indigenous groups feel that their political power is secure.

Economic redistribution

The second part of the theory states that inter-ethnic peace is most likely to be maintained if the politically dominant group implements programs to address their economic subordination without destroying the economy or blatantly expropriating resources from the economically dominant group. The implementation of these programs is necessary because they minimize the effectiveness of outbidding strategies by more extreme parties. Since the inception of the NEP in 1970, Malaysia has made considerable progress in

raising the economic status of the indigenous population. As Figure 5.3 and Table 5.2 demonstrate, *bumi* participation in the modern economy has grown rapidly since 1957. Hence, the fifth hypothesis, which states that the presence of affirmative-action programs¹⁴ should lead to an increase in the strength of moderate political parties from the politically dominant indigenous group, since the electoral utility of outbidding strategies employed by extremists is minimized, tends to be strongly confirmed in the case of Malaysia. Specifically, the growth in the *bumi* middle and upper class has brought with it an attendant rejection of the non-secular and exclusivist politics of PAS, especially in the 2004 elections where UMNO managed to win critical state elections in Terengganu. In a similar vein, the sixth hypothesis – inter-ethnic peace is more likely to persist as long as both economic and political groups experience the benefits of economic growth – also tends to be confirmed. As noted, economic decline in 1987 and 1999 led to considerable ethnic tensions, yet by and large the steady growth of Malaysia's economy has been sufficient to minimize the threat of ethnic conflict perpetrated by ethnic Malays. This stands in sharp contrast to the riots of 1969 which are generally seen as an expression of indigenous Malay anger at perceived economic backwardness (Esman 1994; Crouch 1996).

Finally, the seventh hypothesis states that inter-ethnic peace is less likely to persist when the national economy faces a recession or downturn that limits the resources available for redistribution. Once again, the rise in ethnic tensions in 1987 is directly linked to the decline in available patronage owing to global recession.

Conclusion

This chapter has argued that the lack of violence in post-independence Malaysia is congruent with the theory presented in Chapter 3. Significantly, Malaysia has retained key components of the inter-ethnic bargain that stipulates the dominant position of Malays. The protection of the Malay language, the deference given to Islam, and political institutions that insulate the strength of Malays are necessary as a means of ensuring inter-ethnic peace to the extent that the Malay myth of indigenosity requires that the *bumiputera* retain special social status. This myth, given form by the concept of *ketuanan Melayu* (literally Malay lordship), brooks no inter-ethnic competitor as evidenced by the tragic violence of May 13, 1969. In the wake of the riots, UMNO recognized the further need to address the tenuous economic position of the Malays as well as their political dominance.

The theory and evidence presented in this chapter beg an important question. Specifically, do the conflict-minimizing characteristics of the Malaysian system justify the lack of transparency and justice? While Crouch (1996) characterizes Malaysia as a repressive-responsive regime, the fact remains that Chinese and Indians are second-class citizens in terms of the state's language and education policies, the coercive force used by the

government to enforce the ethnic hierarchy, and the blatant preferences given to Malays in employment and consumption.¹⁵

Eugene K. B. Tan (2001) characterizes the Malaysian system as one of clear ethnic domination built upon a myth of indigeneness that places Chinese citizens in a perpetual political limbo. On one hand, Chinese citizens are welcomed as important members of Malaysia for the purpose of their economic contributions, and recently for their political contributions, as noted in the 1999 elections. At the same time, it is clear that there are two levels of citizenship in Malaysia: one that provides a rudimentary notion of equality before the law and the capacity to vote for candidates of one's choice, and another that compels every individual to characterize themselves as *bumiputera* or non-*bumi*. This presents Chinese citizens with an invisible, yet all the more enduring, barrier to full membership in the Malaysian polity.

Is it worth it? During my fieldwork in Malaysia I had the good fortune to spend the day with Dr. Zakaria Haji Ahmed, a professor at the Universiti Kebangsaan in Bangi. Dr. Zakaria argued that the implementation of NEP programs was necessary as a means of preventing ethnic violence. Malays, regardless of class, are well aware of their weak position vis-à-vis the Chinese in terms of economic strength. The provisions that protect them politically and address their economic deficiencies have, in Dr. Zakaria's very well-informed and considered opinion, served to minimize the risk of communal violence.

That said, the growing power of the prime minister's office, especially in the years following 1987, might present a significant problem in the future. The increase in personal rule, as opposed to institutional rule, comes at the cost of transparency in the political process. UMNO's interpretation of its 1999 election disaster was that it was not sufficiently Islamic and that this, more than any other factor, contributed to its decline at the polls. The response was to increase the use of religious appeals, despite Mahathir's noted impatience with political Islam. Lim Kit Siang, in a personal interview on June 21, 2004, argued that it was simply easier for UMNO to blame its 1999 performance on PAS's Islamic appeal than as a condemnation of BN's atrocious record on corruption.¹⁶

Owing to these developments, Malaysia may find itself treading on dangerous ground in the near future. UMNO's reliance on non-Malay parties to win elections, coupled with the persistent anger of non-Malay voters, does not lend itself to future success should an economic downturn once again imperil the BN's political strength. At present, many Chinese voters cling to the thoughts expressed by one businessman in Kuala Lumpur: "I am still making money." This, perhaps more than any other factor, prevents MCA and Gerakan from pressing their communal interests too strongly.

6 South Africa

Rainbow nation in Zimbabwe's shadow

Applying the now humiliating maxim of “half a loaf is better than no bread,” the PAC will support this bill. However, let it be clear that the PAC will not be satisfied even by the whole loaf. We want the whole bakery!¹

Pan African Congress MP, R.K. Sizani, before parliament on
January 15, 1996

“You are wrong. We have a close relationship with the President’s Office and the Agriculture Minister.” This is what a leader of South Africa’s largest white farmers’ union, Agri-SA, told me when I met with him in Pretoria in August of 2004. I asked whether South Africa’s white farmers, the beneficiaries of decades of preferential subsidies and access to thousands of hectares of fertile land, feared a nationalist attack on agriculture similar to the one that had decimated Zimbabwe’s profitable farming sector in recent years. The union representative’s optimism came as a surprise given the stark pessimism I encountered when I spoke with two white produce distributors. Between 1991 and 2003, attacks perpetrated against white farmers skyrocketed from 327 to 838, peaking in 2001 with 1011 attacks. More disturbingly, 1418 farmers or members of farming families were murdered during the same span.² The paradoxical nature of the union representative’s optimism in the face all evidence to the contrary seems a common occurrence in the self-styled “rainbow nation” (see Table 6.1). On one hand, whites in South Africa greatly desire to be full-fledged members of a truly multi-ethnic nation. At the same time, they deride the economic policies of the African National Congress (ANC) government which they see as blatantly discriminatory.

Some observers might say that this turnabout is fair play and that whites are simply reaping what they sowed following centuries of racial domination that saw the white minority run roughshod over the indigenous African community. Indeed, this is the very position of the hyper-nationalist Pan African Congress (PAC), a party that has long demanded more extreme forms of redistribution to rectify the legacy of apartheid. Unfortunately, such redistribution comes at a cost in terms of declining economic performance, as the collapse of Zimbabwe and Uganda (two states that told their

Table 6.1 Ethnic composition of South Africa (2001 census)

	%	<i>In millions</i>
African	75	33.6
White	14	6.3
Colored	8.9	3.9
Indian/Asian	2.5	1.12

Source: Statistics South Africa, available at <http://www.statssa.gov.za/census01/html/RSAPrimary.pdf>

economically dominant ethnic communities that their presence was no longer desired) so amply demonstrates. In both cases, public support for economic expropriation benefited from radical income inequalities similar to South Africa's.

Whether one views South Africa's Black Economic Empowerment (BEE)³ initiatives, introduced in 2000 to ameliorate income inequality, as unjust discrimination or as a necessary step toward racial reconciliation is largely a question of where one sits on the economic spectrum. In either case, one must recognize the vast resources at stake. South Africa is by far the largest economy on the continent, its annual output – R975 billion in 2001 – accounting for more than one-third of Africa's total economic production (Butler 2004). Most of this economic output, however, is derived from an economy that has generally remained in white hands following the 1994 elections that gave the country its first black government. As of 2004, less than 4 percent of the companies listed on the Johannesburg Stock Exchange were black-owned,⁴ providing the starkest evidence of white domination of the country's economy.

Given South Africa's relatively recent political revolution that gave the African-dominated ANC control of the government, the country represents a comparatively new addition to the community of counterbalanced states. As such, the country provides an excellent test of the book's main analytical framework. If Fiji represents a counterbalanced country where the ethnic bargain failed and Malaysia represents a success, then South Africa can best be viewed as a case where emerging political and economic institutions will test the extent to which ethnic conflict can be contained, contingent on the retention of fundamental components of the tacit ethnic bargain. In many respects, contemporary South Africa represents the best case of emerging counterbalance, replete with the ethno-political tensions that are assumed to make such cases potentially volatile. This chapter will explore the emergence of counterbalance in post-apartheid South Africa. Specifically, I will trace how Afrikaner and African National Congress leaders, despite mutually antagonistic rhetoric, initiated negotiations in the late 1980s that would ultimately lead to a post-apartheid social order characterized by ANC political control and white economic dominance. Next, I will examine efforts by

ANC moderates to develop effective methods of economic reorganization aimed at ameliorating poverty among the black majority, and the emergent political tensions between the more pro-market technocratic wing headed by Thabo Mbeki and more radically redistributionist members of the ANC. Finally, this chapter will conclude with a critical assessment of South Africa's current efforts to preserve inter-ethnic peace.

The apartheid regime and the move to racial equality

This chapter is not about apartheid. Nor does it seek to explain the legacy of nearly three centuries of brutal racial oppression. Instead, it aims to assess the emergence of counterbalance in South Africa and the extent to which the country conforms to the theory developed in Chapter 3. That said, any analysis of contemporary South Africa is useless without reference to apartheid, given the enormity of the policy's impacts on ethnic relations and economic disparity. To that end, the chapter will begin with a short discussion of racial policies between 1948 and 1990. This will include a brief focus on the liberation movement by the African National Congress and other significant African-based anti-apartheid organizations, the deep-seated fears of white South Africans, and the demands of black citizens deprived of political equality.

The apartheid regime, formally introduced in 1948 by the newly elected National Party (NP) government,⁵ intended to protect Afrikaner culture from the black majority and to improve the Afrikaner economic position vis-à-vis the economically dominant Anglo population.⁶ Formally portrayed as a means to ensure the "separate development" of the country's four official ethnic groups (white, colored, Indian, and black), the attendant legislation that defined apartheid forced blacks onto barren homelands, compelled them to carry identification papers to be produced upon request (the hated pass laws), prevented them from tarrying in white neighborhoods after normal working hours, and gave government agents wide powers of search, seizure, and arrest (Butler 2004; Lodge 2002; Thompson 2000).

The Afrikaners, mainly descended from Dutch settlers, had formed a unique culture in Africa, replete with their own language, Afrikaans, and a conservative Calvinist faith that stressed the Afrikaner's divinely mandated goal of civilizing the African continent. That faith effectively predetermined the social and political inferiority of the indigenous African population. Afrikaners justified their exclusionary ideology through reference to their turbulent history. Faced with attacks from black tribes and forced from their lands by encroaching British colonialism, the Afrikaner nation had to rely on its own members' resilience to preserve their culture. This was particularly manifest in the Union of South Africa's efforts to develop common voting laws. Britain's annexation of Boer territories in the late nineteenth century compelled the government to reconcile the provinces' different rules governing the franchise. The Cape Province allowed for qualified,

non-racial franchise and recognized equal rights for "all civilized men" (Chaskalson, *et al.* 1996: 2–6). Citizens simply had to meet certain cultural and economic standards. Consequently, a small number of blacks in the Cape Province could exercise the right to vote. The Transvaal and Orange Free State (both dominated by Boers), in contrast, were highly racist. The Transvaal's exclusionary practices went as far as to restrict the vote to naturalized citizens who could demonstrate residence for 14 years. Natal Province, in theory, possessed a qualified non-racial standard, but in practice was almost as exclusionary as Transvaal and Orange Free State. Given their aid to the British during the Second Boer War of 1899–1902, blacks were hopeful that the Union government would adopt the Cape franchise as a model for other provinces. Boer agitation, however, helped to scuttle these plans and the 1902 Treaty of Vereeniging allowed whites to have final authority in the decision to extend the franchise.

Despite the creation of laws that protected white privilege, Afrikaner leaders remained dissatisfied with government efforts to enforce segregation. As both Butler (2004) and Thompson (2000) note, Afrikaner fears only increased during World War II, as blacks moved into urban areas to take jobs previously reserved for whites. Afrikaners not only wanted to prevent blacks from competing with whites in business, a policy that the administration of incumbent Jan Smuts would not consider, but also wanted access to the black labor pool unencumbered by stringent labor standards (Thompson 2000: 185). In 1948, the National Party exploited these fears to forge a stronger sense of Afrikaner electoral unity, giving the Afrikaners control of the government. After 1948, the NP retained firm control of the South African polity until the very system created to ensure Afrikaner dominance collapsed under the weight of its own internal contradictions.

Apartheid initially consisted of a set of segregationist doctrines including laws that prohibited interracial sexual liaisons (the Immorality Act), moved Africans out of white residential areas (the Group Areas Act), and established separate public facilities (the Reservation of Separate Amenities Act) for the legally established ethnic categories (the Population Registration Act). By the 1960s, however, apartheid assumed a new form that transcended the already repugnant supremacist doctrine by establishing massive state interventions aimed at a total economic and social reorganization. The creation of a series of homelands, or Bantustans, for the African population was intended to force blacks out of white South Africa (Thompson 2000). The South African government intended the Bantustans to be independent, thereby denying blacks political rights associated with South African citizenship, and by 1970 all Africans were "citizens" of one of the ten homelands. Travel in white South Africa was limited and blacks were compelled to carry passes whenever they strayed from their artificially created home territories.

The homelands were the core of the doctrine of separate development promulgated by Prime Minister H.F. Verwoerd. In principle, the doctrine

was intended to allow each race to govern its own affairs. The South African government argued that it was merely complying with the global demand for decolonization. The government noted in 1990 that:

What was envisaged was a number of nation-states based in the historical territories of the various Black peoples. Regardless of where they lived, all Blacks associated culturally or otherwise with a particular emergent state would satisfy their political aspirations in that state, i.e. cast their votes in elections for the parliament of that state. At the same time, the prospect was mooted of a "commonwealth" of Southern African states, including the RSA [Republic of South Africa], associated in some kind of co-operative relationship.

(RSA 1990: 174)

In practice, however, Africans were allotted into Bantustans with little or no regard for their linguistic or tribal heritage, making each homeland a hodgepodge of dozens of different ethnic groups, each with its attendant social norms and conventions. Not surprisingly, the Bantustans proved economically unviable, forcing residents to work as migrants in the white South African economy (Butler 2004). Many thousands of Africans sought to acquire passes that would allow them to live in shantytowns on the outskirts of white cities, giving them access to employment in urban areas. By the 1970s, the number of residents of peri-urban settlements skyrocketed as desperate Africans ignored the law in order to escape the impoverished Bantustans. This economic inequality proved a great boon to white South African businesses that had perpetual access to cheap and easily disposable labor, a characteristic that allowed the South African economy to post impressive rates of growth well into the 1970s despite international disapproval. At the same time, the virtual collapse of influx controls placed tremendous strain on the South African government's stated goal of reducing the number of blacks in white South Africa.

The fall of apartheid

Black resistance to apartheid was immediate, although initially unsuccessful. Multiple black political organizations rallied to oppose the white South African government, many through militarized conflict. Chief among these groups, the ANC launched strikes against the regime in Pretoria from bases within the country and in neighboring states. With the fall of colonial regimes in Mozambique and Rhodesia, the ANC found willing allies to assist it in the struggle against South Africa's government. The oldest of the African nationalist organizations, the ANC had its beginnings in 1912 as a centrist group opposed to racial prejudice (Dubow 2000). By the 1960s, the group assumed a more radical character and was banned by the government. Much of the organization's leadership was either in prison, like

Nelson Mandela and Walter Sisulu, or forced into exile, like Joe Slovo, the leader of the ANC military wing. The ANC, though mainly a black organization, maintained a small degree of support from white liberals within South Africa opposed to the moral outrages associated with apartheid.⁷

Other groups included the Pan African Congress, a militant organization dedicated to the principles of "Africanism." The PAC rejected white involvement in the struggle for liberation, viewing the white population as nothing more than immigrant usurpers of indigenous social order who would be unwelcome in a black-ruled South Africa (Esman 1994). Similarly, the Azanian People's Organization (AZAPO) opposed white involvement, although the group's exclusionary tactics had less to do with hatred of whites and more to do with Steve Biko's Black Consciousness movement, which argued blacks must first develop their own political autonomy before being able to deal with white South Africa (Lodge 1991). Finally, the Zulu-dominated Ikatha Freedom Party (IFP), associated with Mangosuthu Buthelezi, eschewed violent conflict in favor of a consociational arrangement that gave homelands control over local affairs. In this regard, the IFP found itself in conflict with the values of the ANC and the PAC.

Direct opposition to the South African government, both militant and non-violent, took a heavy toll on the government in Pretoria. Violent protests, such as the Sharpeville massacre of 1960 and the Soweto uprisings of 1976, were clear indications of African rage against the apartheid state. The South African government was compelled to spend huge sums on policing urban areas and peri-urban slums in a vain effort to stem the influx of undocumented African workers living in white South Africa without passes. The Soweto riots, in particular, troubled the South African government to the extent that security forces were unable to use brute force to quell students enraged by the government's announcement that black students would be required to learn Afrikaans. Forced out of the largest black settlement in the country, despite inflicting horrendous casualties on the African students, the government recognized the ultimate futility of the apartheid project (Esman 1994; Thompson 2000).

Armed rebellion was only one factor that contributed to the erosion of apartheid. As Glaser (2001) notes, the economic downturn of the early 1970s affected South Africa by exposing the glaring inefficiencies of the highly statist economy. For decades, South Africa relied on a decidedly interventionist model to promote the economic development of Afrikaners and maintain a virtual economic autarchy. As the world economy increasingly required states to liberalize, however, South Africa was at a disadvantage. White South Africans were the beneficiaries of a grossly distorted economy that paid white laborers vastly more than their market value, a characteristic underscored by the pittance paid to black laborers. Economic sanctions imposed by the European Union and United States were equally damaging, causing the economy to shrink. Even a short-lived boom in international gold prices in the early 1980s yielded pernicious effects as it caused

a sharp growth in inflation. Ultimately, the South African economy, which grew at an average of nearly 6 percent per year in the 1960s, was scarcely able to achieve 2 percent annual growth in the 1980s (Schrire 1991: 12–13).

By the early 1980s, South Africa's white leaders were increasingly aware of their tenuous hold on power. To be sure, white South Africa could maintain its hegemony, but only at a cost that would exceed the terrible price already being paid in the form of international isolation, economic decline, and, perhaps most importantly, the moral cost associated with the brutal oppression of the indigenous African population. Hence, the government of P.W. Botha embarked on a series of modest, yet highly significant, reforms. The NP was beset by internal divisions between orthodox members committed to the supremacist doctrine of apartheid and reformers intent on salvaging what parts of the system they could. These divisions further weakened the NP government's bargaining position. In an effort to mollify the angry black majority, the Botha government increased spending on education in the townships, encouraged firms to raise the pay of black workers, and removed certain restrictions on economic promotion, thereby prompting the development of a black managerial class (Butler 2004; Esman 1994).

The biggest change took place in 1982 when coloreds and Indians were given their own chambers in parliament. Significantly, the African majority was not given a chamber, resulting in an explosion of fury. The new outbreak of violence was precipitated by the formation of the United Democratic Front (UDF), a conglomeration of hundreds of black civic groups that effectively became the legal front for the banned ANC (Lodge 1991). UDF resistance was involved in everything from strikes and rent boycotts to more violent expressions including the murders of blacks accused of collaborating with the apartheid state.

Despite further reforms, including the repeal of certain elements of the pass laws, the NP government proved utterly incapable of stopping the uprisings. Violent coercion of black protesters did little to compel compliance with unjust laws. Faced with a wholesale insurrection, Botha declared emergency rule in 1985, placing limits on the white press and giving the police broad powers of arrest and detention. The declaration of emergency rule managed to bring some semblance of peace, but it was clear to all but the most committed members of white society that South Africa could no longer maintain the apartheid system.

F.W. DeKlerk and the last days of apartheid

In 1989, white South Africans elected yet another NP government. The new Prime Minister, F.W. DeKlerk, was considered a part of the conservative wing of the ruling party. Nonetheless, DeKlerk proceeded to shock all observers by immediately un-banning the ANC, the PAC, and the South African Communist Party (SACP). Nelson Mandela and hundreds of other

political activists were freed from prison and exiles were allowed to return to South Africa. Further, DeKlerk announced the repeal of the hated Population Registration Act and Group Areas Act, effectively eliminating two foundational structures of the apartheid regime (Esman 1994).

The radical changes instituted by DeKlerk must be assessed in terms of secretive negotiations between representatives of the NP and ANC preceding the retraction of the more odious tenets of apartheid. Indeed, despite (or perhaps because of) the state of emergency rule, talks between the two parties began in earnest in the late 1980s. Glaser (2001: 206–8) notes that the ANC, despite its bluster about socialist models of economic organization, was compelled to moderate its position during negotiations in order to quell fears among whites as well as to demonstrate its credibility as a potential ruling government.

While its noises on economic policy looked radical to visiting capitalists, the organization made clear that it envisaged a mixed rather than a socialist economy. In 1988 it presented “constitutional guidelines” which suggested that it accepted an essentially liberal-democratic model of state, and in 1989 in Harare the organization offered terms for negotiations.

(Glaser 2001: 207)

Negotiations began in 1991 for moving South Africa to universal adult suffrage.⁸ These were not without attendant difficulties. Many whites, particularly Afrikaners, feared retribution and the loss of cultural sanctity and responded by electing extremists in two by-elections. According to 1988 survey data related by Schrire (1991), a very large majority (over 80 percent) of whites expressed deep fears that their property would not be safe should an ANC government assume power. A similar number anticipated that living standards would decline under black rule. Not surprisingly, as will be seen momentarily, the crux of negotiations between Afrikaner leaders and the ANC opposition revolved directly around these issues. The NP paid a price in successive by-elections for DeKlerk's actions as the right-wing Conservative Party scored impressive gains, eventually winning 39 seats in the legislature.

Conflict was not merely restricted to Afrikaner and ANC leaders. Thousands died in violent conflicts between Inkatha and ANC supporters in KwaZulu Natal Province as party cadres repeatedly tried to keep each other out of their respective regional strongholds. DeKlerk, faced with a potential revolt, put the issue to a referendum in May 1992. White voters were asked whether they supported the NP government's negotiations with the ANC. Sixty-eight percent of voters responded favorably, giving DeKlerk the legitimacy he needed to proceed (Thompson 2000; Esman 1994; Butler 2004).

A critical step in the forging of a counterbalanced South Africa occurred

in September, 1992 with the signing of a Record of Understanding between the ANC and NP. Conceived as a means of enabling direct talks between the two parties without the limitations imposed by the previous bargaining mechanism, the Convention for a Democratic South Africa (CODESA), the Record of Understanding effectively dispatched the Inkatha Freedom Party as a party to the talks, a significant step given mutual animosities between the ANC and the IFP. Glaser (2001) suggests that the September negotiations were significant in at least two key ways. First, the Record of Understanding represented a significant change in the bargaining strategies of the NP, which previously had proceeded with overt caution, much to the consternation of black negotiators. Second, Glaser notes that ANC leaders approached the negotiations with increased moderation, helping to allay the fears of many whites.

The price which the ANC had to agree in exchange for a settlement approximating to liberal-democratic majority rule included constraints on bureaucratic reform, a pro-market economic policy reorientation and interim power-sharing arrangements. The 1992 turning point was decisive for enabling the black majority's representatives to win real governmental power, but did not place in their hands the instruments of fundamental social change.

(Glaser 2001: 214)

This "turning point" is the moment of counterbalance creation in modern South Africa. In addition to moving the country towards its first truly open and democratic election, negotiations also set South Africa on a path where black political dominance would be virtually unassailable. At the same time, a technocratic elite within the ANC would pursue market-oriented policies that would ensure economic growth at the expense of socialist redistributive programs. ANC and Afrikaner elites, cognizant that any peaceful transition would require white fears to be addressed, committed themselves to an economic future where whites would retain, at least temporarily, control of the country's economic resources. Nevertheless, as will be shown in a moment, the decision to abandon radical redistributive policies that had traditionally won the ANC considerable black support has generated considerable debate within the African National Congress.

The development of the 1994 constitution heralded the end of apartheid and the beginning of a truly multi-ethnic South Africa predicated upon racial equality. The specific structure of the future government was a source of considerable debate. Some scholars, most notably Horowitz (1991), advocated a centripetalist system based on AV methods. This model was rejected, however, and a highly proportional electoral system was implemented. In contrast to most PR systems, South Africa implemented a very low electoral threshold, guaranteeing that even the smallest parties would receive at least some seats in the overlarge (400 seats) legislature. Further,

constitutional drafters carefully underscored the new regime's commitment to secure property rights, a critical concession, since whites were fearful of economic expropriation (Butler 2004).

The 1994 elections, South Africa's first as a truly free country, yielded an ANC-dominated government. Mandela's party captured 252 out of 400 seats, giving it an outright majority. In the spirit of the constitution, however, the ANC shared power with the National Party (rechristened the New National Party, or NNP) in a Government of National Unity (GNU). The GNU model remained until 1996 when the NNP decided to leave the government. The NNP officially disbanded in 2004, its few remaining members being absorbed into the ANC, the very movement it so earnestly tried to destroy throughout the twentieth century.

The perils of "independence": economic transformation and national reconciliation in a counterbalanced South Africa

Apartheid left indelible scars on South Africa and it was readily apparent that government policies must address the fundamental dislocations that were manifest in the country's social, political, and economic landscape. The Mandela governments (elected in 1994 and 1996) made good their promise to retain key elements of the free enterprise system, much to the chagrin of leftists within the ANC. That said, the ANC's first attempt at economic reorganization contained elements suitable to both business and labor. The Reconstruction and Development Program (RDP), introduced in 1994, had two key goals. First, RDP was intended to reduce the crushing poverty that affected the vast majority of South Africans. Second, the program emphasized the reconstruction of the economy following years of mismanagement under the apartheid regime. As Lodge (2002) notes, these objectives were connected to the extent that economic development was wholly impossible unless South Africa's impoverished black majority were brought into the formal economy.

RDP's key programs dealt with service delivery to poor South Africans. Deprived of access to clean water, sanitation, and basic housing, South Africa's black majority was hardly in a position to contribute to effective democratic governance. Moreover, the absence of basic services would no doubt derail efforts to establish a multi-ethnic society by engendering high rates of ethnic outbidding from extremists within the ANC and the PAC. Beyond this, Mandela recognized that the future of a healthy manufacturing economy was contingent upon a healthy and well-fed workforce. Given the enormity of the undertaking, RDP has proved remarkably successful. By 2000, nearly five million poor South Africans had access to water standpipes and the government had built 1.2 million subsidized homes capable of housing five million people previously denied adequate living arrangements (Lodge 2002).

Ultimately, RDP was hailed by leftists as an appropriate response to

South Africa's serious structural deficiencies, embracing a Keynesian approach to government intervention (Jauch 1997). That said, the program has not been without critics. Lodge (2002) argues that, despite the Herculean progress made in service delivery, RDP's triumphs must be weighed against the serious problems that remain. Housing initiatives, for example, have been plagued by problems associated with rent payment and low quality of construction. Further, the subsidy provided to home buyers is typically very small, only R15,000. This places considerable pressure on home buyers to find alternate sources of funding.

RDP's uneven record of accomplishments was highlighted in 1996 when the Mandela government introduced the Growth, Employment and Redistribution (GEAR) strategy. GEAR's neo-liberal approach contrasts sharply with RDP's focus on government intervention. COSATU, the powerful labor wing of the ANC, derided GEAR upon its introduction as a repudiation of the very principles that the ANC was founded on (Jauch 1997; Thompson 2000). GEAR emphasizes fiscal austerity and labor market flexibility as necessary components of a macroeconomic policy intended to foster capital investment and generate job growth (Butler 2004). Not surprisingly, the policy has drawn accolades from international lending institutions and has been roundly condemned by leftists within the ANC. Nevertheless, the implementation of GEAR and the stated commitment of both the Mandela and Mbeki governments to its neo-liberal tenets have not split the ANC's tripartite coalition with the SACP and COSATU.

As will be seen in a moment, South Africa faces a very difficult problem in regards to its economic policies. On one hand, it is generally conceded that massive state intervention is unlikely to generate the economic incentives needed to foster growth; hence the government's repeated commitment to GEAR is an important step toward recognizing long-term economic growth. At the same time, however, high rates of unemployment among blacks (currently over 40 percent) and persistent economic inequalities between white and black, make the continuation of neo-liberal policies a risky political strategy. As previously noted, the constitution contains guarantees for secure property rights, a further check on state intervention and a principle that is hotly contested by frustrated representatives of labor.

Forgive and forget? The Truth and Reconciliation Commission

South Africa's economic problems are but one facet of the post-apartheid state. Equally significant is the problem of addressing the human rights abuses that occurred during the apartheid era. Clearly, no restitution can be sufficient to compensate for the losses suffered by millions of Africans deprived of political liberty, basic human dignity, and, in thousands of cases, the very right to live. For Nelson Mandela, the path to a multi-ethnic state based on equality and mutual respect needed to begin with a stark recognition of the country's past. In this spirit, the Truth and Reconciliation

Commission (TRC) was created as a consequence of the Promotion of National Unity and Reconciliation Act of 1995. The TRC was intended to provide an accurate portrayal of the excesses of the apartheid system. As Gibson (2004) notes, it was assumed that the TRC would promote reconciliation between whites and non-whites through a process of recognition of past wrongs and the forging of a South African collective memory.

The TRC brought victims and perpetrators together under the aegis of the Commission's legal mandate to uncover the truth about past transgressions. The most highly controversial component of the TRC was the amnesty clause that prevented perpetrators from being punished for their crimes. DeKlerk insisted that amnesty be guaranteed prior to agreeing to hand over political power, thus tying the hands of the ANC negotiators. Meredith (1999: 21) observes that Mandela agreed to this condition only if amnesty was linked to truth-telling.

No general amnesty would be given. Each individual would have to apply for amnesty separately. Applicants would have to convince a panel of commissioners that their crimes had been carried out with a political objective. In making their decision, the commissioners would weigh six factors, known as the "Norgaard principles": the motive; the objective; the context, whether the deed was authorized; its "legal and factual nature"; and its proportionality to a political goal. Amnesty would not be granted for acts driven by personal gain or malice, nor would it be granted if the panel was not convinced that an applicant had made a full disclosure. But applicants would not be required to express any remorse. Once amnesty had been granted, perpetrators would no longer be liable to criminal or civil suits. But if they failed to apply for amnesty, they would remain at risk of prosecution.

Important research by Gibson (2004) and Gibson and Gouws (2004) tends to suggest that the TRC satisfied many of its goals, although their findings also demonstrate that many Africans harbor anger against whites for the abuses perpetrated during apartheid. While truth and reconciliation tend to be correlated for whites, the authors find that blacks are considerably less likely to associate truth with reconciliation. Significantly, Gibson (2004) notes that truth is not correlated with irreconciliation, an important foundation for future ethnic relations given the severity of apartheid's human rights violations.⁹

Black Economic Empowerment

Despite extensive economic and social reforms since 1994, there is no doubt that the South African economy is entrenched in the hands of the white population. As already noted, stock market capitalization statistics point to the virtual absence of a black entrepreneurial and ownership class. Butler

(2004: 114) suggests that black ownership of the economy lies “between 2 and 10 percent, with the former the more realistic measurement.” As the outbidding crises in Fiji and pre-NEP Malaysia suggest, no counterbalanced country can sustain ethnic harmony when affirmative-action programs do not exist to minimize the economic gap between groups. In 2000, new South African President Thabo Mbeki announced the Black Economic Empowerment initiative as a means to address South Africa’s pressing ethnic economic disparities.

At root, BEE consists of a number of policies intended to bolster black ownership of the South African economy. Among the most significant component pieces of legislation, the Preferential Procurement Policy requires that firms demonstrate good faith in developing black management and ownership prior to getting lucrative government contracts. Given the huge sums available through such contracts following the government’s commitment to build extensive public works projects under the aegis of RDP, the importance of such government tenders cannot be overstated. As a result, the incentives built into preferential procurement and the attendant legislation of BEE are intended to provide a jumpstart to the development of a black ownership class. That said, Mbeki’s goal of achieving 25 percent black ownership of the economy within 10 years (Butler 2004) is in all likelihood an impossible target. The general lack of entrepreneurial training, a consequence of hundreds of years of racially based oppression, sets a demonstrable limit on the scope of BEE goals. Lodge (2002: 30) notes that the overwhelming majority of corporate directors are white, with only 353 black company directors out of a total of 3406. This underscores the enormity of the task of redistribution.

Mbeki’s Catch-22

BEE is a fundamental recognition of South Africa’s most pressing dilemma – how does South Africa maintain incentives for economic productivity while at the same time addressing the poverty felt by the vast majority of South Africans who perceive democracy as a means to ameliorate their economic destitution? This dilemma is particularly onerous given increases in crime and corruption, indicators of growing dissatisfaction among the black majority who feel increasingly desperate. With unemployment figures hovering near 40 percent (in rural areas the unemployment rate is in excess of 60 percent), it is hardly surprising that the ANC is anxious to address the economic needs of its key constituency. Mbeki has been quoted as saying that “whites have been the leading beneficiaries of the democratic order in all respects” (*Financial Times* 2004), suggesting that he is aware of the potential electoral cost to be paid should the government fail to make meaningful progress on the issue of economic disparity. In this regard, BEE’s efforts to move economic ownership towards the black majority seem to be an important step to national integration.

At the same time, BEE comes at the cost of declining economic performance. Many white business owners are resentful at increased government interference in their activities. Further, the costs associated with hiring and training black managers often greatly exceed the cost of simply hiring an experienced white manager. Another problem, already observed in Malaysia, is that BEE has created a class of minority elites who do not share the benefits of economic growth with members of their own ethnic communities. The emergence of black business moguls such as Cyril Rhamaposa, the owner of South Africa's largest brewing conglomerate, has not been accompanied by a contingent growth in related black businesses. Rather, black economic elites have successfully exploited BEE to increase their own wealth at the expense of the general population. Ken Andrews, an MP with the Democratic Party (DP), notes (RSA 2000) that:

if people, to their credit, have succeeded in overcoming their historical disadvantages, they should not be the beneficiaries of these preferences, as one is then addressing neither inequality nor poverty. On the contrary, one is continuing to disadvantage other disadvantaged persons, because they will not be able to compete effectively with those firms that are already successful.

BEE's most critical objective is the process of developing the managerial skills necessary so that black entrepreneurs can eventually succeed without government-mandated quotas. In an interview with a high-ranking official at the Department of Trade and Industry (DTI) in 2004, I asked how the South African government intended to address the fundamental dilemma of appeasing both the nervous business class and the increasingly impatient unemployed population. The official conceded the problem and argued that the most important goal will be to effect changes in housing, health, and unemployment. She further suggested that targets must be realistic. The challenge will be to address short-term needs while also maintaining long-term economic viability.

To this end, the Department of Trade and Industry has proposed that the subsidized houses introduced under RDP be used as collateral for small business loans. Further, the DTI has supervised a R10 billion program to provide micro-finance to black entrepreneurs. South African banks, cognizant of the need to develop the black business class, have cooperated with government initiatives to make loans available through the Service Sector Charter program. As of 2006, this program yielded R75 billion, an impressive sum given that the Service Sector Charter was only initiated the previous year.

Despite these innovative and impressive programs, the obstacles to economic prosperity remain onerous. Most informed estimates suggest that South Africa will need to post GDP growth of roughly 6.3 percent per year for the next decade to make a meaningful impact on the unemployment

problem and to achieve Mbeki's stated goals (Butler 2004; Lodge 2002). The costs of BEE have caused thousands of whites to flee South Africa. According to official statistics, between 1994 and 1997 39,000 white South Africans emigrated to other states.¹⁰

Conclusion

There is no doubt that South Africa has exceeded all expectations following the collapse of the apartheid regime. The country has, until now, avoided the civil war that many observers predicted would accompany the end of white rule and has managed to post economic growth rates of approximately 2.3 percent since 1996 despite crippling levels of unemployment. Moreover, the willingness of the black majority to move past the horrors of apartheid and willingly develop a multiracial democracy despite past human rights violations serves as a powerful reminder of the capacity for human compassion on a continent where political change is almost universally accompanied by brutal violence and repression.

At the same time, black South Africans have yet to benefit from the economic changes introduced since 1994. Obviously, no public policy can ameliorate hundreds of years of denied access to education and healthcare but it is evident that black frustration is approaching a point where the ANC must deliver on the promise of democracy. Black Economic Empowerment is the most recent effort to address the structural demands of the business class while providing hope to the desperately poor African majority. While some white business owners have expressed anger at the policies of BEE, Butler (2004) notes that most whites recognize the importance of redistribution to developing long-term ethnic peace. According to an official with the DTI, BEE is all that currently stands between white South African economic prosperity and the blatant expropriation of wealth prompted by outbidding efforts by more extreme black politicians.¹¹

How does South Africa conform to the theory presented in this book? Clearly, it is too early to proffer a definitive statement, but there is sufficient evidence to make several key observations. In terms of the first hypothesis – multi-ethnic coalitions dominated by parties of the indigenous ethnic community, but that include minority economic groups in some limited fashion, are more likely to produce inter-ethnic peace than governments solely consisting of one ethnic group – South Africa has tended to confirm the general expectations. The ANC is an overlarge party that consists of liberal and extreme wings. To date, however, the moderate element of the party has managed to corral more extreme elements found in COSATU and SACP. Further, the ANC willingly included the NNP in its government, despite the ANC's outright majority. Mandela proved more than magnanimous in his willingness to incorporate elements of white South Africa in his first governments. At the same time, it is important to note that many politicians see the ANC as the only viable game in town. To the extent that

smaller parties cannot command the electoral support enjoyed by the ANC, and lack access to patronage resources, aisle-crossing by MPs is a persistent problem. Consequently, many politicians tend to view membership of the ANC in terms of the pecuniary advantages it provides rather than in terms of an ideological commitment to the party's goals.

The second hypothesis states that electoral systems that overrepresent constituencies dominated by the political group are more likely to maintain inter-ethnic peace than electoral systems that distribute representation more equally among all groups. Given South Africa's incredibly small white population (less than 12 percent of the total) there is little need to insulate the black majority's hegemony through electoral manipulation similar to that observed in Malaysia. That said, the South African electoral system with its overly large legislature and highly proportional system has consistently delivered governments dominated by the comparatively moderate ANC. Nevertheless, the stranglehold the ANC wields in the National Assembly must be weighed against two apparently contradictory factors. First, as Tables 6.2 and 6.3 suggest, the ANC's supermajority has minimized its need to rely on opposition parties in the same fashion that UMNO needs its Chinese and Indian partners. In contrast, the ANC has significantly increased its seat share in the National Assembly in every election since 1994.¹² Second, the ANC itself is increasingly fraught with deep cleavages that reflect both personal political ambitions and the pressing demands of an impoverished constituency. The indictment of former deputy president Jacob Zuma on charges of corruption and rape may have led to his dismissal by Thabo Mbeki, but he remains wildly popular among many poor blacks who see his brand of populism as a refreshing contrast to the more technocratic Mbeki. Given the ANC's dominance of the political process, internal fractures are likely to be but a minimal hindrance. Consistent with the third

Table 6.2 1996 Election results for the National Assembly

	<i>National list</i>	<i>Provincial lists</i>									
		<i>EC*</i>	<i>FS</i>	<i>Gauteng</i>	<i>KZN</i>	<i>Mpum.</i>	<i>NC</i>	<i>Limpopo</i>	<i>NC</i>	<i>WC</i>	<i>Total*</i>
ANC	124	22	12	26	13	12	2	19	13	7	250
NP	40	3	2	12	6	2	2	1	2	12	82
IFP	21			2	20						43
FF	5		1	2						1	9
DP	4			1	1					1	7
PAC	4	1									5
ACDP	2										2
Total	200	28	15	43	40	14	4	20	15	21	400

Note

*There were two vacancies in the Eastern Cape Province in 1996.

Table 6.3 2000 Election results for the National Assembly.

<i>National list</i>		<i>Provincial lists</i>									
		<i>EC</i>	<i>FS</i>	<i>Gauteng</i>	<i>KZN</i>	<i>Mpum.</i>	<i>NC</i>	<i>Limpopo</i>	<i>NC</i>	<i>WC</i>	<i>Total</i>
ANC	127	21	12	33	15	13	3	19	15	9	267
DP		4	2	15	7	2			2	6	38
IFP	16			1	16						33
NNP		2	2	5	2		2			15	28
UDM	8	3		1				1			13
ACDP	3			1	1					1	6
FF	3										3
UCDP	2								1		3
PAC	3										3
FA	2										2
AEB	1										1
MF					1						1
AZAPO	1										1
Vacant	1										1
Total	167	30	16	56	42	15	5	20	18	31	400

Key

Political Parties

ANC – African National Congress

NP/NNP – New National Party

DP/DA – Democratic Party (after 2000 known as the Democratic Alliance)

IFP – Inkatha Freedom Party

FF – Freedom Front

PAC – Pan African Congress

ACDP – African Christian Democrats Party

UDM – United Democratic Movement

UCDP – United Christian Democratic Party

ID – Independent Democrats

MF – Minority Front

FA – Federal Alliance

AEB – Afrikaner Eenheids Beweging

AZAPO – Azanian People's Organization

Provinces

EC – Eastern Cape

FS – Free State

KZN – KwaZulu Natal

Mpum. – Mpumalanga

NC – Northern Cape

NW – North West

WC – Western Cape

hypothesis, the comparatively disadvantageous electoral position of parties traditionally associated with white economic interests, particularly the Democratic Alliance, is only exacerbated by the small population of white South Africans.

Thus far the ANC has managed to maintain its internal cohesion, despite considerable intra-party conflict over macroeconomic policy. The ability of the moderate wing of the party, currently led by Mbeki and finance minister Trevor Manuel, to contain more extreme elements (such as the wing previously headed by former deputy president Zuma) has allowed inter-ethnic peace to be maintained. Hence, the fourth hypothesis, which states that the more politically fragmented the indigenous political group, the less likely it will be able to maintain political dominance, thereby increasing the likelihood of future inter-ethnic conflict, is yet to be fully borne out. It is likely that the ability of the moderate wing to contain extremists will be contingent upon the success or failure of BEE to ameliorate economic disparities between whites and non-whites. At present, these programs have yet to have a meaningful impact, a dynamic that might cause problems for the ANC in the future.

The success of BEE is directly related to the fifth hypothesis: the presence of affirmative-action programs should lead to an increase in the strength of moderate political parties from the politically dominant indigenous group since the electoral utility of outbidding strategies employed by extremists is minimized. As noted, it is too early to predict whether BEE will generate the necessary economic development to limit the outbidding success of extremists within the ANC and PAC. Unfortunately, current estimates suggest that South Africa will need to substantially raise its economic output in order to meet the 6.3 percent growth rate needed to reduce the outrageously high unemployment rates that disproportionately affect black South Africans.

The sixth hypothesis states that inter-ethnic peace is more likely to persist as long as both economic and political groups experience the benefits of economic growth. If either group, but especially the political group, experiences a significant and protracted decline in economic strength, inter-ethnic conflict is likely to result. Here is where we observe the potential for future conflict in South Africa. Growing income inequality has manifested itself in support for more expropriative strategies. Indeed, many black South Africans look toward Zimbabwe as a legitimate model of how to address income inequality. In a parliamentary exchange in January 1996, the PAC MP R.K. Sizani noted that 58,000 white South African farmers owned approximately 80 percent of the available agricultural land – some 83 million hectares. Debating the provisions of the Labour Tenants Bill, Sizani suggested that white farmers selling their land to black tenants be compelled to sell at greatly reduced prices, only taking into consideration capital improvements:

It is ironic that the rights of White farmers, trees and animals are more secured in our democracy than those of Africans who are, incidentally, the owners of this land! Logic, therefore, tells us that the land question cannot be solved on a democratic basis without the expropriation of white people's land. Furthermore, we submit that because of the history of the acquisition, compensation should be paid only for improvements on the land and not for the land itself. No land was sold, therefore no land should be bought.

(RSA 1996: 45)

Sizani's comments evoke the image of Zimbabwe, South Africa's troubled neighbor to the north. Currently, there is little political support in South Africa for the type of blatant expropriation observed under the Mugabe regime. Politicians like Sizani are, thankfully, largely discredited. Further, prominent white farm union leaders have noted the critical importance of helping to develop a viable black agricultural sector if for no other reason than to reduce the likelihood that such outbidding calls are heeded. In my meeting with representatives of Agri-SA, farm union leaders stressed the multiple mentoring programs developed by white farmers and the joint ventures being developed that will hopefully bring a new class of profitable black farmers into the fold. Most importantly, union representatives see value in the development of a black agricultural sector as a necessary step toward achieving the stated goals of BEE. If in 20 years, one representative suggested, the goals of BEE have not been achieved then it is highly likely that extremists will demand, and receive, higher rates of expropriation. In the words of the union leader "the success of emergent black farmers is in our interest."

It is comments like these, and the attendant efforts of public and private organizations to give some form to the rather nebulous notions of black economic improvement, that portend well for the future of South Africa. While it remains to be seen if the country can overcome decades of intolerance, it is clear that the general success of moderate elements of the political hierarchy, despite all pressures to the contrary, have allowed South Africa to avoid the pitfalls of counterbalance thus far.

7 Conclusion

Chua (2003) argues that countries with ethnically dominant minorities are effectively doomed to perpetual communal conflict. Indeed, her basic premise suggests that economically dominant ethnic communities are inevitably viewed with suspicion and envy. In many ways this position is understandable. Ethno-political conflicts in Zimbabwe, Fiji, and Indonesia have done little to reduce the ostensible validity of crude middleman arguments. Further, the use of outbidding in these states seems to verify many of Rabushka and Shepsle's (1972) key arguments about the inherent frailty of democratic procedures in plural societies in general and counterbalanced states in particular.

Fortunately, Zimbabwe, Fiji, and Indonesia do not represent the full universe of counterbalanced countries. The comparative successes of Malaysia and, until now, South Africa suggest that economically and politically differentiated ethnic communities can coexist with minimal inter-ethnic violence. Further, there are a number of counterbalanced states not analyzed in this volume that have proven more than capable of conflict management. French-speaking Canadians, for example, have dominated Quebec's political system throughout Canada's independent history, while Anglos have dominated the provincial economy. Tensions between the so-called "two solitudes" have proven onerous, yet widespread violence is a rarity, despite efforts by more extreme elements of the French-speaking community to secede, and there is clearly no evidence of state failure similar to that observed in Fiji or Zimbabwe.

While it is certainly true that counterbalance presents nation-builders with substantial challenges, arguments like those proffered by Chua ignore the fact that virtually all modern states must deal with ethnic heterogeneity. The key question is how states get past these divisions in order to allow meaningful daily life not to be interrupted by constant conflict. I have argued that ethnic peace in counterbalanced states is a product of institutional incentives. No group wants to fight, but they will if certain fundamental assumptions about the political hierarchy are disrupted. Institutions that reduce the utility of outbidding by extremists are the most effective means to achieve this end.

In Chapters 1 and 2 I suggested that the existence of counterbalance might present incentives for groups to cooperate with one another to the extent that each group has something that the other needs. Economically dominant groups require the provision of property rights, stable macro-economic policies, and an independent judiciary. Politically dominant indigenous groups can benefit from the public goods derived from a well-functioning economy. That said, the stakes at play in such a scenario provide fertile ground for extremist outbidding. Recall that indigenous groups almost universally view control of political institutions as a non-negotiable property, a position which is reinforced by ethnic histories. For members of these communities, control of the state is synonymous with the protection of language, custom, and culture.

The issue of indigenouness is a crucial factor underlying assumptions about the racial hierarchy in counterbalanced states. This is not to say that indigenous communities have accurate claims to indigenouness, or even that indigenous groups are homogeneous in their own preferences. The case of Fiji clearly suggests that this is not the case. Nevertheless, the image of the Fijian as the *taukei* is a powerful symbol that effectively precludes non-Fijians from making attendant claims to full citizenship. As noted in Chapter 2, the emergence of ethnic myths of indigenouness is as much dependent upon shared group understandings of historical destiny and fate as it is upon elite machinations that may or may not reflect accurately on historical processes. Based on both a shared sense of cultural affiliation and colonial-era legacies that provided a degree of political dominance, ethnic groups forged myths that stressed their status as the original inhabitants of the region, which bestowed on them a privileged position. These ethnic myths provide the basis for group expectations about which group “owns” the country. As demonstrated in Fiji and Malaysia, the construction of these myths during the colonial era proved difficult to dismantle when the time came to move towards independence. Consistent with Hale’s (2004) conception of identity, myths of indigenouness provide a heuristic that allows individuals to make sense of complex social situations.

Given the sense of political entitlement that accompanies a shared sense of indigenouness, the emergence of tacit bargains served to mitigate conflict-generating characteristics within counterbalanced states by giving groups respective social roles. These bargains represented attempts to integrate myths of indigenouness into the national culture by stipulating that as long as economic groups respected the special position of indigenous communities they would be free to pursue their economic goals without undue harassment or repression. In both Fiji and Malaysia these bargains formed the core of the post-independence ethnic hierarchy. In Fiji, the Alliance model was predicated upon Fijian dominance in the guise of the Fijian Association-dominated Alliance government. Similarly, the Alliance model (later BN) in Malaysia encapsulated the principle of *bumiputera* political domination. As noted by Butler (2004), guarantees of property

security integrated into the 1994 constitution in South Africa represent an attempt to codify white South Africans' roles as members of an economically dominant community. Such assurances were critical since whites (who make up less than 12 percent of the South African population) were unlikely to ever head a national government again.

I have argued that ethnic peace is likely to be maintained when inter-ethnic bargains are not subject to quick or radical change. That is to say that moderation is achieved when indigenous groups feel that their position is secure and that they are not exposed to undue economic and political domination. Again, these bargains can fail in two ways. First, economic groups can begin to clamor for more political power and can organize to that end. Again, an economically dominant group does not necessarily need to win control of the government in order to violate the bargain, although this is precisely what happened in Fiji in 1987 and 1999. Simply mobilizing to oppose the bargain can be sufficient to raise the ire of indigenous communities who are likely to interpret such a move as an attempt to disrupt the status quo. Such actions are consistent with theories of conflict that stress the zero-sum character of ethnic myths and hostilities (Kaufman 2001).

A second source of bargain failure occurs when political groups become dominated by extremists who advocate the expropriation of the economic group's wealth. Under such a scenario extremist politicians may successfully outbid more moderate members of their own ethnic group, thereby generating sufficient electoral support to get elected. In response to expropriative policies economic groups have few alternatives. This is precisely the dilemma that South Africa currently faces. In the face of crushing poverty, it is unlikely that the ANC can continue to pursue free-market macroeconomic policies that fail to immediately address the economic disparity felt by the majority of the population. The BEE strategy introduced by the Mbeki regime in 2000 represents a further attempt to ameliorate the poverty of the African population but, as noted in Chapter 6, the rates of growth needed to significantly lower the high rates of unemployment will be difficult to achieve. Whether the South African government can ably navigate the dual terrains of redistribution *and* positive incentives for economic growth remains to be seen, yet it will prove the determining factor in whether or not South Africa suffers the fate of neighboring Zimbabwe.

Taken together, these two sources of bargain failure allow me to develop a theory that accounts for the variation in ethnic conflict among counterbalanced cases. Again, I argue that there are two broad components of this theory. First, political institutions that insulate the political authority of the politically dominant group without fully alienating the economically dominant group tend to produce more stable long-term outcomes than institutions that allow the economically dominant group to encroach on the political sphere. Second, inter-ethnic peace is most likely to be maintained if the politically dominant group implements programs to address their economic subordination without destroying the economy or blatantly

expropriating wealth from the economically dominant group. The implementation of these programs is necessary because they minimize the effectiveness of outbidding strategies by more extreme parties. I argue that by placating the constituency of the politically dominant group, outbidding strategies will be less successful because members of the politically dominant group will have less incentive to risk the status quo.

Fiji and Malaysia certainly seem to conform to the expected hypothetical relationships. In Fiji, successive institutional arrangements have been unable to ensure *taukei* political dominance. The structure of Fiji's post-independence electoral institutions was intended to protect Fijian hegemony. The existence of communal districts, coupled with an ethnically static legislature, should have, in the view of Fijian elites, protected Fijian paramountcy by ensuring that Fijians would never be outnumbered in the Bose Levu. If ethnic dominance was the goal, then the Fijian constitutional designers were entirely successful. Unfortunately, they failed to predict intra-ethnic divisions that cleaved the *taukei* community and allowed the Indian-dominated NFP/FLP to take power in 1987. The 1997 constitution, a document that contained even sharper protection for indigenous dominance, also failed to protect Fijian political paramountcy.

Divisions within the Fijian community have proved the most damning factor in maintaining inter-ethnic peace. Recall that in 1977, the year S.D. Koya's NFP won a majority in the legislature, the Indian leader did not bother to build a government. Norton (1990) points out that Koya, fully conscious of the tacit ethnic bargain, was fearful that he could never generate sufficient Fijian support. Ratu George Cakobau's intercession to declare a minority government headed by Mara probably saved Fiji from the type of communal violence it encountered 10 years later when the NFP/FLP coalition headed by Bavadra swept into power. The key point is that Fiji's political systems have persistently failed in the all-important task of preserving the image (or reality) of indigenous political dominance.

Malaysia's singular experience with widespread ethnic violence, the riots of 1969, was prompted by the other component of bargain failure. Malays still controlled a majority of seats in Malaysia following the 1969 elections. If anything, UMNO and its Alliance partners lost the critical two-thirds threshold needed to maintain power over constitutional amendments. As Crouch (1996), Ganguly (1997), and Tan (2001) point out, Razak quickly recognized that income inequalities between the Chinese and Malays caused immense frustrations on the part of the *bumiputera* community. In the face of taunts from Chinese citizens, Malays were infuriated and responded with violence. The implementation of the NEP and NDP programs has improved the economic position of the *bumi* community, although it is clear that the Chinese are still the dominant economic sector of Malaysian society. Nevertheless, massive government intervention to improve the economic standing of the Malays has certainly contributed to Malaysia's record of inter-ethnic peace over the past 30 years. As noted in

Chapter 5, Malays see the NEP and NDP as critical to the effort of catching up to the Chinese, thereby minimizing (or at least controlling) inter-ethnic envy. There is no doubt that inter-ethnic economic divisions still exist. Indeed, as Tables 5.4 and 5.5 make clear, the Chinese minority is in no danger of losing its economically dominant position to Malay businesses anytime soon. What is critical, however, is not the economic division, but rather the degree to which state intervention appears to address these divisions as a component part of indigenous political privilege.

Electoral institutions are often touted as a critical means to ameliorate ethnic violence (see Chapter 2). It is quite true to state that the methods we use to elect representative governments bear heavily on the likelihood of conflict. At the same time, it is important to note that electoral systems are in the first instance constructed by political actors with very real interests in maintaining ethnic bargains. To the extent that the importance attached to retaining these informal social institutions (and their attendant benefits) exceeds the value attached to procedural democratic practice, it is unlikely that electoral engineering can arrive at a solution that satisfies the demands of both democratizers and nationalists. This, in essence, is the precise dilemma faced by counterbalanced states. Electoral engineering, while not irrelevant, is but one part of equation. Of equal significance are the very real issues of dignity and identity that members of professedly indigenous communities attach to ethnic bargains.

This point is particularly critical given contemporary interest in fostering democracy in post-conflict states as a means of countering extremism. Several points are important to stress. First, policymakers' engagement with the legal aspects of democratization, while laudable, tends to downplay the important tasks carried out by more nebulous, yet equally significant, factors. Although procedural democracy (that is, the carrying out of regular elections), represents a necessary condition for realizing successful democratization, it is but one of many such crucial components. Malaysia, a country routinely touted for its status as a moderate Muslim-majority state, can scarcely be said to constitute a competitive and open democratic system. Nevertheless, as I have argued, its mechanisms for conflict management are relatively effective, despite their rather illiberal underpinnings.

Second, as Horowitz (2002) notes, very few countries institute electoral systems in their pure form. Further, the ability to apportion districts, develop rules of rural – urban vote weighting, and manipulate district size give institutional designers tremendous leeway to adjust electoral systems to partisan advantage. As the Fiji case makes clear, political actors in democratizing or reforming states are keenly aware of relevant social cleavages, demographic distributions, and critical issues at stake when they design new voting systems.

Money changes everything?

Chua (2003) tends to interpret violence in counterbalanced states as the result of economic envy. I disagree. The critical consideration is not economic, but rather emotional. The sense of indigenouness is not easily discarded or melded into an overarching sense of nationalism in counterbalanced states. I suggest that ethnic elites have an incentive to sustain ethnic myths of indigenouness that justify their continued political dominance. Further, these myths are not difficult to cultivate for a number of reasons. First, many members of the indigenous community truly do feel that their position is best protected through dominance of political institutions. Politicians do not have to sell this idea to constituents, particularly given the economic strength of the economically dominant community. People already live in terror of being “swamped over,”¹ so in their view the state should necessarily promote indigenous control of political institutions.

Second, it is important to think about the nature of nationalism for a moment. Following Smith (2000), we might distinguish between *genealogical* notions of nationalism and *civic* notions of nationalism. In many cases, colonial powers put forward a vision of the former type of nationalism, justifying indigenous political dominance while still protecting the economic position of immigrant communities. The key point is that, in counterbalanced states, a genealogical view of nationalism pervades despite attempts to put forward a civic national ideal.

Why is this so? It is most likely because elites (and to a lesser extent constituents) have far too much to lose by putting forward this civic ideal. Elites lose a justification for political dominance and the rents that come with it. In virtually every counterbalanced state I have observed there are unrelenting accusations of corruption levied against governments. These accusations are usually correct. Control of the state gives political elites access to enormous opportunities for graft and rent-seeking. Constituents may or may not gain economically. In some cases, such Malaysia, there exist enormous economic benefits reserved for *bumiputras* that would likely be reduced should a truly “Malaysian Malaysia” ever emerge.

At the same time, most indigenous people are not wealthy and rarely see the economic benefits of political power. This fact, more than any other, is the damning critique of theories of conflict predicated on economic jealousy. The real benefits they derive from ethnic bargains are not economic, but rather a sense of dignity and security. Dignity is derived from the notion that, despite economic inferiority, one’s imagined ethnic community has a place of respect that is rightly deserved by virtue of indigenouness. Security is derived from the belief that dominance of political institutions can preserve these goods in the face of an unrelenting economic threat posed by an ethnic community regarded as immigrants. The Fijian case is especially illustrative. Fijians who have reclaimed farms from Indian tenants over the past several years have frequently let the land return to bush. In every case,

farm reclamation deprived *matanqualis* of rent revenue derived from productive tenants. According to at least one informed source at the Citizen's Constitutional Forum in Suva, Fijians do not view the land exclusively as an economic asset. Rather, there are important issues associated with "showing the Indian who is boss."² Further, the attachment of the Fijian to the *vanua* goes beyond a simple issue of pecuniary benefit. Fijian cosmology stresses the link between individuals and the land occupied by their ancestors. Once Indians were perceived as being intent on political domination as well as economic domination, many Fijians felt that the *taukei* were obligated to reassert the traditional ethnic hierarchy, money be damned. Hence, the symbolic value of ethnic hierarchy vastly outweighs the economic benefits derived from affirmative-action programs. While such programs are critical, their value lies less in their purely distributional qualities and more in their ability to demonstrate the higher level of social belonging suggested by extant myths of indigenouness.

Can counterbalance be sustained?

What does the future hold for the counterbalanced states discussed in this project? Fiji, under the control of the Fijian-dominated SDL government of Laisenia Qarase, is still dealing with the question of how to integrate its ethnic communities. For some, such as the sitting government, Indians will be welcome in Fiji as long as they know their appropriate place in the ethnic hierarchy. Indeed, the SDL government and its supporters echo the sentiments of Asesela Ravuvu, the Fijian historian quoted in Chapter 4. Indians, in contrast, are increasingly fed up with second-class citizenship and are fearful of the expropriation that they expect under the extremist-affiliated government of Qarase. Moreover, as this book goes to press, the Qarase government faces an increasingly uncertain future as the Fiji military forces under Frank Bainimarama have continued to threaten the current regime over legislation that would allow Qarase to grant pardons to individuals currently imprisoned for their role in the 2000 putsch.

Malaysia has, until now, been quite successful in managing its ethnic tensions through a combination of state-led economic development and a series of coercive security measures that eliminate virtually all dissent. That said, the time is approaching when Malaysia will be forced to address its ethnic questions beyond the level of simply compartmentalizing ethnic communities into respective social roles. As the elections of 1999 make clear, younger Malaysians of all ethnic communities are growing tired of a patriarchal state and are increasingly looking to other political parties, such as Keadilan, to voice their frustrations with UMNO and its BN partners. Gomez (2006) notes that the overwhelming UMNO and BN victory of 2004 will likely prove to be short-lived should the coalition not deliver on promises to alleviate poverty among rural Malays who are unlikely to derive

significant personal benefit from the modern manufacturing and service-based economy.

South Africa continues to experience significant changes in the post-apartheid system. The New National Party, the party that gave South Africa the apartheid system, imprisoned Nelson Mandela, oversaw some of the most strident human rights abuses in history, and, failing in its quest for racial supremacy, voluntarily handed power over to the black majority in 1994, finally collapsed in 2004. The party commanded less than 30 seats in the national legislature in 2000 and was increasingly the party of coloreds from the Western Cape Province, a far cry from its days as the repository of the doctrine of racial segregation. Many whites are fearful of the Mbeki government and his refusal to publicly chastise Zimbabwe leader Robert Mugabe for the Zimbabwean government's expropriation of white-owned farms. Many say Mbeki is simply standing up to what he sees as Western efforts to dictate terms to African governments, a position that has hardly been controversial in recent years. Nevertheless, there is little doubt that many black South Africans, including many in the professedly moderate ANC, are demanding higher rates of redistribution to ameliorate black poverty. This is perhaps most manifest in the controversy surrounding ANC deputy president Jacob Zuma. Zuma, a close ally of the radically redistributionist COSATU, avoided imprisonment on corruption charges in mid-2006. As this book goes to press, however, the South African government is threatening to re-charge Zuma, following the conviction of his former financial consultant. The Zuma case has generated significant turmoil, to the extent that his populist image and closeness to leftists within the ANC organization expose glaring frustrations with the slow pace of Mbeki's efforts to reduce poverty.

The biggest challenge facing any counterbalanced country is the perpetual threat of outbidding by extremists. The image of an economically successful minority profiting at the expense of an exploited indigenous majority, while usually a falsehood, is nevertheless an incredibly powerful image. Varshney (2003) rightly notes that the persistence of value-rational considerations, as opposed to purely instrumental notions of self-interest, is a potent motivator. Value-rationality privileges dignity, self-worth, and other non-pecuniary objectives as being worth the sacrifice of purely monetary goods. Clearly, these motivations and theories that stress their importance provide great intellectual purchase when analyzing conflict and cooperation in counterbalanced states. The extent to which social institutions in societies characterized by an ethnic division of economic and political power can protect the sanctity of these value-rational goods goes a very long way to assessing the likelihood of inter-ethnic conflict.

Notes

1 Ethnic identity, economic power, and conflict

- 1 Speight, convicted of treason, now sits in an island prison in Suva Harbor. His brother currently sits in the national legislature in his place.
- 2 The term “indigenous” is controversial. Many groups that consider themselves indigenous, such as the Malays in Malaysia, are in fact comparatively recent arrivals and may have displaced a previous community. Nevertheless, it is important to note that the accepted ethnic myths of many groups consist of claims to political primacy based on a belief in indigenosity, regardless of their historical accuracy. I use the term in this spirit, not to imply that such claims are valid. For the remainder of this project I will refrain from putting the word in quotations and I ask the reader to be conscious of the tenuous nature of claims of indigenosity.
- 3 Janet Landa considers one type of arrangement that helps groups to mitigate information costs when she analyzes ethnically homogenous middlemen groups (Landa 1994: Chapter 5). One limit to this arrangement is scale. While the EHMGM may prove useful for limited trade between regional groups, it does not seem to have as much utility in wide-ranging exchange between groups.
- 4 Bhavani and Backer (2000) provide an interesting analysis of this implication of the model. The authors use data derived from Burundi and Rwanda to test a competing model that suggests that members of ethnic groups face potential sanctions from their own group by *not* engaging in violence against competing ethnicities.
- 5 Petersen’s comments early in his book talk about how mass-led violence can take place.
- 6 Although it should be noted that South Africa experienced another period of economic counterbalance during the middle part of the twentieth century when a politically dominant Afrikaner majority was economically subordinate to an Anglo ethnic minority. Through a fairly radical series of redistributive programs, the economic divisions that separated Afrikaner and Englishman were significantly reduced by the 1970s.

2 Ethnic mythologies and formal institutions

- 1 On May 27, 2004 the Department of Higher Education announced 38,892 candidates had secured places in Malaysia’s public universities. Of these, 63.8 percent were Malays, 30.3 percent were Chinese, and 5.9 percent were Indian (“38,892 Gain Places in Universities,” *The Sun*, May 28, 2004). The admissions process led to a heated debate since Chinese and Indian students tend to be evaluated according to a more difficult testing procedure, known as the Sijil Tinggi

Persekolahan Malaysia (STPM). Malay students, in contrast, tend to matriculate to university based on an ostensibly far more subjective (and lenient) system that stresses lecturer opinion. Malay activists note that the matriculation system used by Malay students is necessary, in the words of Higher Education Ministry parliamentary secretary Datuk Dr. Adham Baba, “help the Malays who are still lacking in the science stream and have little opportunity to do professional courses” (“Meritocracy Gets a Full-Scale Ragging,” *The Sun*, June 26–27, 2004).

- 2 This is one of the fundamental ideas behind the plural society phenomenon discussed by H.G. Smith and Furnivall.
- 3 Significantly, Horowitz observes that many groups that use the language of extinction “were troubled by invidious group comparisons with the ‘dynamic’” groups in their midst. In other words, the differential economic status between professed indigenous communities and economically aggressive immigrant populations further exacerbated the fear of extinction.
- 4 This is not to say that the distributive benefits of power are unimportant. It is simply to stress the equally critical role of the symbolic characteristics of political dominance.
- 5 See, for example, Premdas (1993) in his analysis of Fiji.
- 6 Cakobau’s entanglement with the US government resulted from the American Civil War and the disruption of the global cotton trade. US growers moved operations to Fiji (among several other tropical territories) for the duration of the war. During this time, US plantation owners accused Cakobau and his subjects of damaging US property and demanded £9000 in compensation, an incredible sum (Halapua 2003).

3 A theory of conflict and cooperation in counterbalanced states

- 1 “Affirmative-action” programs refer to the political strategies outlined by Esman (1987). In contrast, “confiscation strategies” refer to policies that simply take the economic assets of economic groups.
- 2 This observation was made by Felipe Bole, the leader of Soqosoqo Vakavulewa ni Taukei (SVT), at an October 2001 conference held in Suva, Fiji under the guidance of the Citizens’ Constitutional Forum. The proceedings of this meeting are available in Citizens’ Constitutional Forum (2001).

4 Fiji: a “nationalist iceberg” in the South Pacific

- 1 The term “nationalist iceberg” is attributed to Jone Dakavula from a personal interview conducted by the author on May 26, 2004 in Suva, Fiji.
- 2 This quote, taken from Norton (2002), was originally sent to the British Colonial Office in a Political Intelligence Report in September 1960.
- 3 This was the specific term used by Governor Philip Mitchell in correspondence to the Secretary of State in 1943 (Colonial Office. CO83/236/85231. October 4, 1943 – available at the National Archives in Suva).
- 4 Prior to its full ratification, the NLTB applied many of ALTA’s principles according to the Agricultural Landlord and Tenant Ordinance.
- 5 This passage is also quoted in Kurer (2001).
- 6 The term “Europeans” refers to the European and Australian residents of Fiji who were likely to retain Fijian citizenship following independence.
- 7 Prominent histories of Fiji’s movement towards independence have tended to paint the British as largely uninterested in the position of Indian citizens or, at best, quick to retreat when pressed by Fijians on the matter. Among the prominent Fiji scholars who have tended to take this view are J.W. Davidson (1966), Yash Ghai (2001), and John Kelly and Martha Kaplan (2001).

- 8 Sakuna's intransigence on the issue of universal suffrage had less to do with a fear of Indian domination than deep misgivings about the role of commoners participating in the political process. Like many paramount chiefs of the time, Sakuna felt that political authority was manifest in the chiefly establishment and no one else. Suffice to say, Sakuna's disinclination to grant voting rights to his own ethnic community made him totally unwilling to concede suffrage to non-Fijians.
- 9 Quoted from Norton (2002: 137).
- 10 Maddocks to Colonial Office, December 14, 1962, available in CO1036/1280, National Archives, Suva, and Norton (1990).
- 11 By 1965 Indo-Fijians represented 51 percent of the total population of Fiji.
- 12 The colonial parliament was part of the Membership System advocated by the Colonial Office in London. The Membership System allowed the indigenous populations of soon-to-be independent colonies an opportunity to govern themselves in a multiparty parliamentary democracy. The Fijians were initially hesitant to participate given their fears of Indian domination. Only after strong assurances from successive Governors were Fijian leaders willing to move forward (see Norton 2002).
- 13 Getting Fijians to accept these terms was no mean feat. Prior to Ratu Sakuna's death in 1958 Fijian chiefs were unwilling to grant the franchise to Fijians of non-chiefly rank, considering democracy unsuited to Fiji's cultural legacy. (interview with Jon Fraenkel and Jone Dakavula, May 22, 2004).
- 14 This was justified by the Fijians' acceptance of Rotuman Islanders on the Fijian voter rolls. In addition, the Legislative Council had 10 'General' electors intended to represent Europeans and Chinese, a group that represented less than 5 percent of the population. Europeans had traditionally supported Fijian paramountcy, thereby effectively giving the Fijians a stranglehold on the Council (Norton 2000).
- 15 Ratu George Cakobau told one Indo-Fijian representative that he helped to prevent violence against Indians in the wake of the 1968 elections, but that if Indo-Fijians did not respect the paramountcy of Fijians in the future there would be repercussions. "I declare now that if this sort of insult continues from the other side . . . I will not be responsible for what may happen if a similar event occurs again" (House of Representatives, 1971: 1924, quoted in Norton 1990).
- 16 This information was gleaned from several interviews with Jon Fraenkel and Bob Norton at the University of the South Pacific in Suva, Fiji in May 2004.
- 17 How Koya convinced his NFP colleagues to accept such radical policy changes remains a mystery. In one interview with a Fijian policymaker I asked what prompted NFP members to concede to the Alliance position and was told that many Indo-Fijian elites felt that they would eventually be able to achieve political parity by virtue of superior numbers and political organization, provided that the political system maintained some degree of democratic credibility. In retrospect, this view proved to be the correct one, as Indo-Fijian-dominated parties won national elections in 1977, 1987, and 1999. That said, one influential wing of the NFP, led by Karam Ramrakha, consistently voiced deep reservations about the issue of communal-roll elections.
- 18 "General" electors consisted of Europeans, part-Europeans, Chinese, and Rotuman Islanders. Given that these constituencies were loyal supporters of the policy of paramountcy of Fijian interest it effectively gave the Fijians firm control of the election, provided that the Fijians voted for a common ethnic party. As will later be demonstrated, this is the very condition that caused the system to fail in 1977, 1987, and 1999.
- 19 By way of example, let us consider a hypothetical Indo-Fijian voter living in Lautoka. This voter first votes in the communal section of the election where the

ethnically reserved seat is limited to Indian voters only. Meanwhile, our Indian voter's Fijian neighbor is simultaneously casting a vote for a Fijian reserved seat where the choice is limited to Fijian voters. Next, the Indian voter receives his three national-level "cross-voting" ballots. He casts one vote for his district's Fijian representative, one vote for his Indian representative, and another vote for his General representative. His Fijian neighbor is simultaneously voting for the same three seats.

- 20 Although Fiji achieved independence in 1970, the country did not hold elections under the new electoral system until 1972. The Alliance government elected in 1968 held office until the 1972 elections (Fiji Parliament 1975).
- 21 Alliance cabinets were so skewed against Indians that the number of European and Chinese ministers exceeded the number of Indian ministers every year save three (1978, 1979, 1983) between 1970 and 1985 (Ministry of Information).
- 22 Western Viti Levu has a long tradition of labor militancy on the part of both Fijians and Indians (see Norton 1977; Mayer 1963). As a result it is not surprising that the more leftist NFP could count on at least some Fijian support in these regions. Nevertheless, this support was not substantial and it was ephemeral. This ephemerality is evident in the aggressive Fijian nationalist riots that took place in Western Viti Levu in 1987 following the election of a NFP/Labour coalition.
- 23 Norton (1977; 1990) describes how many Fijian members of the Alliance voiced their sympathies for the FNP. In fact, S.D. Koya complained bitterly to Alliance leaders that many Fijian backbenchers agreed with Butadroka's demand that Indians be repatriated to India. Beyond this, there is little doubt that the Alliance's unwillingness to condemn Butadroka more strongly stemmed from the party's fear of the FNP's popularity among Fijian commoners.
- 24 Narayan would go on to be the only Indian minister in the post-1987 government led by Sitiveni Rabuka. She served as Minister for Indian Affairs.
- 25 This information was derived from an interview with Jone Dakavula at the Citizen's Constitutional Forum on May 24, 2004.
- 26 The Fiji Development Bank was created in 1967 at the behest of Fijian politicians keenly aware of their group's economic frailty relative to the Indian population.
- 27 This argument, while powerful, was nonetheless inaccurate. The Fijian constitution explicitly forbade the alienation of Fijian lands and amending the constitution would require the approval of the upper house which was controlled by the Council of Chiefs.
- 28 Land rents to the NLTB were tilted heavily in the favor of the bureaucracy and the chiefs. The NLTB took a first cut of 25 percent of the rents, while chiefs at various levels (*yavusa*, *matanqali*, and *vanua*) claimed approximately 30 percent. The remainder was divided among Fijian commoners, although this rarely provided a substantial income to villagers (Kurer 2001).
- 29 As the dominant party, the Alliance could rely on significant support from vested interests in the Indo-Fijian community. Indeed, the success of these Indian Alliance members led many in the NFP to label them as sell-outs to the chiefly establishment.
- 30 While Mara was publicly willing to accept his defeat, in private he was angered. Further, there are still many in Fiji who believe that Mara was complicit in the military coups of 1987 and 2000, although the evidence for these claims is lacking.
- 31 Rabuka has consistently argued this point to this day. Nevertheless, in the months following the coup there were numerous acts of assault perpetrated against Indo-Fijians by members of the *Taukei* movement.
- 32 *Fiji Sun*, April 22, 1987.

- 33 This quote comes from *Aisaweek*, August 10, 1990.
- 34 Significantly, no one bothered to ask the Indian community about their views on reconciliation. Rather, Fijians cast themselves as the aggrieved party who were constantly being challenged by ungrateful immigrants.
- 35 Jone Dakavula of the Citizen's Constitutional Forum, and a former member of Rabuka's government, noted that the communal seats did little to engender Fijian homogeneity and that they were largely responsible for the growth in outbidding (personal interview with author, May 24, 2004).
- 36 The UGP represented General voters, including Europeans, Chinese, and part-Europeans.
- 37 The SVT, formed in 1990 as an umbrella party for Fijian interests and blessed by the Great Council of Chiefs, was almost immediately beset by internal divisions. As Lal (1998) notes, leading chiefs began to distance themselves from Rabuka and the SVT within a few years of the party's inception. Further, leading members of the Methodist Church, a powerful force in Fijian politics owing to the conservative religious practice of most indigenous Fijians, withdrew much of its support for the SVT. These divisions are clearly reflective of earlier intra-Fijian cleavages.
- 38 PANU was the party of Apisai Tora, the militant Fijian labor leader from western Viti Levu. Tora, a vociferous supporter of the nationalist *Taukei* movement, could hardly be said to be an advocate of the FLP's pro-Indian interests, but he did see an opportunity for political advancement.
- 39 The reasons for the FLP victory (or conversely the SVT/NFP defeat) are complicated and long. Suffice to say that the AV system and the combination of open and communal seats were partly responsible for the unexpected outcome. The coalition failed to adequately enforce preelection agreements prohibiting coalition members from running against one another and was victimized by Rabuka's image as the "coup-maker" in the eyes of Indo-Fijians. Further, the SVT/NFP coalition ran on a platform that played up their critical role in passing the new constitution. While this was clearly a noble accomplishment, it did little to address fundamental bread-and-butter issues important to many Fijians, particularly in light of the recession of the late 1990s that affected the average Fijian. For more on the dynamics of the AV system see Fraenkel (2000a, 2000b, 2003) and Norton (2000).
- 40 ALTO would later be renamed ALTA in 1977 when it was formally passed by the legislature.
- 41 See *Far Eastern Economic Review* (2001).
- 42 This data was acquired from an interview with Jone Dakavula at the Citizen's Constitutional Forum in Suva, Fiji on May 24, 2004. It is also important to note that the number of farmers evicted is generally higher than the number of non-renewed leases as several families can use a leased farm to produce sugar. As a result, the number of evicted farmers is in excess of 3000.
- 43 Interview with Bob Norton and Jone Dakavula. May 23, 2004.
- 44 "Affirmative-action" programs refer to the political strategies outlined by Esman (1987). In contrast, "confiscation strategies" refer to policies that simply take the economic assets of economic groups.
- 45 The Tax Free Zones policy was an attempt to bolster economic activity through tax incentives.

5 Of ballots and tall grass: Malaysia's quasi-democracy and ethnic relations

- 1 Parti Islam Se Malaysia, or PAS, is a strict interpretationalist Muslim party with strongholds in majority Malay states, particularly Kelantan and Terengganu. PAS has persistently cast itself as the party of Malay character and culture, while

- painting UMNO as a party without a moral center that has sold out Malay interests.
- 2 The Malaysian Chinese Association, or MCA, was introduced in Chapter 2. Formed by Chinese business elites keen on distancing themselves from emergent Communist insurgents in Malaysia in the 1940s, MCA is widely perceived as lukewarm on communal Chinese interests by many Chinese voters. That said, MCA is the only Chinese party that can deliver valuable patronage to Chinese voters due to the party's close links with UMNO and its status as the second-largest party in the BN coalition.
 - 3 It is important to note that the actual numbers of killed and wounded are still unknown. Many Chinese claim the figure is far higher.
 - 4 In 1990, the NEP was rechristened the National Development Policy (NDP).
 - 5 As both Horowitz (1985) and Crouch (1996) note, the language issue has more to do with promoting the image of the *bumiputera* as the owners of the country than it does with improving the economic status of the Malays. The language issue is highly contentious precisely because it sends a powerful message about the relative ethnic hierarchy in the country. As such, it is an underlying tenet of the Malay myth of indigenouness.
 - 6 This observation was also made by several faculty members at two Malaysian universities in the summer of 2004. Two *bumiputera* faculty members openly decried their general inability to sanction poor performance by Malay students owing to pressures from the ministry for education. Further, two non-*bumi* faculty members at a prominent university alleged that they were occasionally the victims of blackmail attempts by *bumi* students angry about poor grades.
 - 7 I spoke to three Chinese businessmen in Kuala Lumpur in the summer of 2004 who related that a large amount of their business (they were contractors) came as a result of subcontracts acquired from *bumi* firms incapable of completing a job. Nevertheless, the Malaysian government continues to give contracts directly to Malay companies despite the knowledge that Chinese firms will likely end up doing the work.
 - 8 Kelantan had been a PAS stronghold for years, despite its 90 percent Malay majority. Razaleigh, as a member of the aristocracy in Kelantan, had considerable clout in the state, and was therefore considered indispensable by Mahathir (Crouch 1996).
 - 9 Razaleigh and Musa split up shortly after their 1987 UMNO defeat. Musa subsequently rejoined Mahathir's camp within UMNO in 1989.
 - 10 The name of the party is meant to suggest that it is the true voice of Malay nationalism by invoking the year of UMNO's founding.
 - 11 In a personal interview with Lim Kit Siang in June of 2004, the DAP leader confessed that his arrest in 1987 had almost nothing to do with anything he said or did. Instead, "it was more about the Malays," meaning that the UMNO split had prompted his arrest as a means to corral Mahathir's power base. At the same time, it is important to note that the BN and UMNO members arrested under Operasi Lalang were released rather quickly. The same cannot be said for a handful of DAP members who languished in jail for two years.
 - 12 This interesting development was revealed to me by an official affiliated with Gerakan who showed how the Chinese vote swung the 1999 election outcome in favor of BN. Chinese majority districts are likely to be counted on in future elections to ensure BN victory, hence increased focus on producing key Chinese majority districts will be an important political development in future campaigns (Personal interview at the Sedar Institute, Kuala Lumpur, June 24, 2004).
 - 13 For a thorough treatment of the 2004 election results, particularly in terms of state-level shifts in popular support, see Gomez (2006).

- 14 “Affirmative-action” programs refer to the political strategies outlined by Esman (1987). In contrast, “confiscation strategies” refer to policies that simply take the economic assets of economic groups.
- 15 Malay families are granted tax credits for children that are not afforded to non-Malays and receive special subsidies to assist *bumiputera* ownership of homes and automobiles. These benefits are the exclusive reserve of indigenous Malays.
- 16 Mr. Lim noted that “between 1969 and 1999 I didn’t hear one word about the role of Islam in parliament. After 1999, the legislature did not stop discussing it.”

6 South Africa: rainbow nation in Zimbabwe’s shadow

- 1 Sizani’s comments, delivered to wild applause, came during debate over the Labour Tenants Bill, a piece of legislation designed to reduce the tenuous position of rural black farmers by allowing them to buy land that they have worked as tenant laborers. The PAC half-heartedly supported the bill, although it preferred black farmers not to be required to pay for the land given the South African state’s history of expropriation of black-held land (Republic of South Africa 1996).
- 2 Agri-SA provided data on farm attacks.
- 3 BEE is the term used to describe a broad range of laws meant to reverse African economic backwardness through affirmative action in the public and private sectors.
- 4 *Financial Times* (2004).
- 5 Despite its formal introduction in 1948, it is important to note that racial segregation in South African society had existed in one form or another since the arrival of the Dutch in the seventeenth century. Chaskalson *et al.* (1996) note that the racial bifurcation of South Africa was cemented with the unification of the four settler colonies (Cape Province, Transvaal, Orange Free State, and Natal Province) into the Union of South Africa in 1909. In the years preceding unification colonial officials wrestled with the issue of “native affairs.” The South African Native Affairs Commission of 1903 concluded that although natives had distinct rights to their traditional territories, recognition of such territories by the South African Union government carried with it special obligations on the part of native groups. In effect, tribal chiefs were assumed to have given their sovereignty to the crown, which would now administer the indigenous population according to the rather nebulously defined tenets of tribalism. The whole point of this endeavor was racial segregation. The crown, specifically the Governor-General in Council, determined how the native population was to be governed and exercised considerable authority over all native reserves.
- 6 South Africa has had two periods of counterbalance. Prior to the ANC victory of 1994, Anglos and Afrikaners represented, respectively, the economically dominant and politically dominant ethnicities of the country. As Esman (1987) notes, a series of affirmative-action programs brought Afrikaners to virtual economic parity with the British by the 1970s, giving the vast majority of white South Africans a lifestyle unheard of in most advanced industrial democracies.
- 7 Significantly, the ANC was, and remains, a broad organization that relies on the participation of multiple autonomous groups including the South African Communist Party (SACP), the Coalition of South African Trade Unions (COSATU), and a prominent youth wing.
- 8 Although formal negotiations began in 1991, it is important to note that the NP government began meeting with Mandela in the late 1980s. The government recognized the impending collapse of the apartheid regime and suspected that Mandela would be the most likely candidate to lead a black majority government. The negotiations between the government and the ANC leader yielded a

number of important outcomes, the most significant of which was the recognition by the white government that Mandela was not interested in a campaign of vengeance against white South Africans. For more on these negotiations and details pertaining to the negotiations of the early 1990s see Sparks (1995) and Thompson (2000).

- 9 These findings are consistent with a common anecdote I encountered in South Africa. Specifically, where whites interpreted the move to black majority rule and Mandela's calls for racial harmony as "forgive and forget," black South Africans were only willing to forgive. No African could forget the atrocities of apartheid.
- 10 See *The Economist* (1998).
- 11 The official told me "If you want, we can drop it [BEE] and in five years we'll be Zimbabwe" (personal interview at the Department of Trade and Industry, August 2004).
- 12 Following the elections of 2004, the ANC's seat share grew to 279 and the party claimed nearly 70 percent of the popular vote. The Democratic Alliance, in contrast, claimed only a total of 50 seats with less than 14 percent of the popular vote.

7 Conclusion

- 1 This is the precise phrase used in Fiji and Malaysia by indigenous communities fearful of being controlled by "immigrant" communities.
- 2 Personal interview at Citizens' Constitutional Forum, May 2004.

Bibliography

- Aguilar, Filomeno. 1999. "The Triumph of Instrumental Citizenship? Migrations, Identities, and the Nation-State in Southeast Asia." *Asian Studies Review* 23(3): 307–36.
- Anderson, Benedict. 1983. *Imagined Communities*. New York: Verso.
- Anuar, Mustafa. 2003. "The Role of Malaysia's Mainstream Press in the 1999 General Election." In Francis Loh Kok Wah and Johan Saravanamuttu (eds), *New Politics in Malaysia*. Singapore: Institute of Southeast Asian Studies Press.
- Batalden, Stephen and Sandra Batalden, 1997. *The Newly Independent States of Eurasia*. Phoenix, AZ: Oryx Press.
- Bates, Robert. 1974. "Ethnic Composition and Modernization in Contemporary Africa." *Comparative Political Studies* 6(4): 457–84.
- 1981. *Markets and States in Tropical Africa*. Berkeley, CA: University of California Press.
- Bhavani, R. and Backer, D. 2000. "Localized Ethnic Conflict and Genocide." *Journal of Conflict Resolution*. June: 283–307.
- Bogaards, Matthijs. 2003. "Electoral Choices for Divided Societies: Multi-Ethnic Parties and Constituency Pooling in Africa." *Commonwealth and Comparative Politics* 41(3): 59–80.
- Bonacich, E. 1973. "A Theory of Middleman Minorities." *American Sociological Review* 38 (October): 583–94.
- Brass, Paul. 1991. *Ethnicity and Nationalism*. London: Sage.
- 1997. *Theft of an Idol*. Princeton, NJ: Princeton University Press.
- Butler, Anthony. 2004. *Contemporary South Africa*. New York: Palgrave.
- Chandra, Kanchan. 2001a. "Cumulative Findings in the Study of Ethnic Politics." *APSA-CP* 21(1): 7–11.
- 2001b. "Ethnic Bargains, Group Instability, and Social Choice Theory." *Politics and Society* 29(3): 335–62.
- Chaskalson, Matthew, Janet Kentridge, Johathan Klaaren, Gilbert Marcus, Derek Spite, and Stuart Woolman. 1996. *Constitutional Law of South Africa*. Kenwyn, South Africa: Juta and Co. Ltd.
- Chua, Amy. 2003. *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*. New York: Doubleday.
- Citizens' Constitutional Forum (CCF). 1995. *Protecting Fijian Interests and Building a Democratic Fiji: A Consultation on Fiji's Constitutional Review*. Suva: CCF Press.

- 2001. *Election Watch II: A Citizen's Review of the Fiji Islands General Election 2001*. Suva: CCF Press.
- 2002. *What are Good Land Policies for Fiji in the 21st Century?* Suva: CCF Press.
- 2004. *Future of the Sugar Industry*. Suva: CCF Press.
- Cohen, Frank. 1997. "Proportional Versus Majoritarian Ethnic Conflict Management in Democracies." *Comparative Political Studies* 30(5): 605–30.
- Constitutional Review Commission (CRC). 1996. *The Fiji Islands: Towards a United Future*, ed. Paul Reeves, T. Vakatora, and Brij Lal. Suva Parliamentary Paper 34.
- Cox, Gary. 1997. *Making Votes Count*. Cambridge: Cambridge University Press.
- Crawford, Sue and Elinor Ostrom. 1995. "A Grammar of Institutions." *American Political Science Review* 89(3): 582–600.
- Crouch, Harold. 1996. *Government and Society in Malaysia*. Ithaca, NY: Cornell University Press.
- Davidson, J. W. 1966. "Constitutional Change in Fiji." *Journal of Pacific History* 1: 165–82.
- Department of Statistics. 1997. *Yearbook of Statistics – Malaysia-1997*. Kuala Lumpur: Government of Malaysia.
- Deutsch, Karl. 1966. *Nationalism and Social Communication*. Cambridge, MA: MIT Press.
- Dubow, Saul. 2000. *The African National Congress*. Phoenix Mill, UK: Sutton Publishing.
- Durutalo, Alumita. 2000. "Elections and the Dilemma of Indigenous Fijian Political Unity." In Brij Lal (ed.), *Fiji Before the Storm: Elections and the Politics of Development*. Canberra: Asia Pacific Press.
- Duverger, Maurice. 1954. *Political Parties*. New York: Wiley.
- The Economist*. 1998. "White South Africa on the Wing." June 6.
- Edelman, Murray. 1985. *The Symbolic Uses of Politics*, 2nd edn. Champaign, IL: University of Illinois Press.
- Esman, M. 1972. *Administration and Development in Malaysia*. Ithaca, NY: Cornell University Press.
- 1987. "Ethnic Politics and Economic Power." *Comparative Politics* 19(4): 395–418.
- 1994. *Ethnic Politics*. Ithaca, NY: Cornell University Press.
- Far Eastern Economic Review (FEER)*. 2001. *Asia 2001 Yearbook*, annual report.
- Fearon, James and David Laitin. 1996. "Explaining Interethnic Cooperation." *American Political Science Review* 90(4): 715–35.
- Fiji Parliament. 1975. *Report of the Royal Commission Appointed for the Purpose of Considering and Making Recommendations as to the Most Appropriate Method of Electing Members to, and Representing the People of Fiji in, the House of Representatives*. Fiji Parliamentary Paper No. 24.
- Financial Times*. 2004. "Black Economic Empowerment: Companies Simply Realise it's the Right Thing to Do." April 13.
- Firmin-Sellers, K. 1995. "The Concentration of Authority: Constitutional Creation in the Gold Coast, 1950." *Journal of Theoretical Politics* 7(2): 201–22.
- Fraenkel, Jon. 2000a. "The Clash of Dynasties and the Rise of Demagogues: Fiji's Tauri Vakaukanwau of May 2000." *Journal of Pacific History* 35(3): 295–308.
- 2000b. "The Triumph of the Non-Idealist Intellectuals? An Investigation of Fiji's 1999 Election Results." *Australian Journal of Politics and History* 46(1): 1–24.

- 2001a. "Redistricting Via Coups and Constitutions: The Construction of Ethnically-Mixed Constituencies in Fiji, 1970–2001." Paper presented at the "Redistricting from a Comparative Perspective" Conference, University of California-Irvine.
- 2001b. "Fiddling With Democracy Fails Again." In *Election Watch II: A Citizen's Review of the Fiji Islands General Election 2001*. Suva: Citizens' Constitutional Forum Press.
- 2003. "Electoral Engineering and the Politicization of Ethnic Frictions in Fiji." In S. Bastion and R. Luckham (eds), *Can Democracy be Designed? The Politics of Institutional Choice in Conflict-Torn Societies*. London: Zed Books Ltd.
- Freedman, Amy. 2000. *Political Participation and Ethnic Minorities: Chinese Overseas in Malaysia, Indonesia, and the United States*. New York: Routledge.
- Funston, John. 2006. "The Malay Electorate in 2004: Reversing the 1999 Result?" In Saw Swee-Hock and K. Kesavapany (eds), *Malaysia: Recent Trends and Challenges*. Singapore: Institute of Southeast Asian Studies.
- Furnivall, J. S. 1948. *Colonial Policy and Practice*. London: Cambridge University Press.
- Ganguly, Sumit. 1997. "Ethnic Policies and Political Quiescence in Malaysia and Singapore." In Michael Brown and Sumit Ganguly (eds), *Government Policies and Ethnic Relations in Asia and the Pacific*. Cambridge, MA: MIT Press.
- 2003. "The Politics of Language Policies in Malaysia and Singapore." In Michael Brown and Sumit Ganguly (eds), *Fighting Words: Language Policy and Ethnic Relations in Asia*. Cambridge, MA: MIT Press.
- Geertz, Clifford. 1963. *Old Societies and New States*. New York: Free Press.
- Gellner, Ernest. 1983. *Nations and Nationalism*. Ithaca, NY: Cornell University Press.
- Ghai, Yash. 2000a. "Constitutional Order in Multi-Ethnic Societies." In Brij Lal and Michael Prestes (eds), *Coup: Reflections on the Political Crisis in Fiji*. Canberra: Pandanus Books.
- 2000b. "The Implementation of the Fiji Islands Constitution." In A. Haroon Akram-Lodhi (ed.), *Confronting Fiji Futures*. Canberra: Asia Pacific Press.
- Gibson, James. 2004. "Does Truth Lead to Reconciliation? Testing the Causal Assumptions of South Africa's Truth and Reconciliation Commission." *American Journal of Political Science* 48(2): 201–17.
- Gibson, James and Amanda Gouws. 2003. *Overcoming Intolerance in South Africa: Experiments in Democratic Persuasion*. Cambridge: Cambridge University Press.
- Gil-White, Francisco. 1999. "How Thick Is Blood?" *Ethnic and Racial Studies* 22(5): 789–820.
- Glaser, Daryl. 2001. *Politics and Society in South Africa*. London: Sage.
- Gomez, Edmund Terrence. 1999. "Tracing the Ethnic Divide: Race, Rights, and Redistribution in Malaysia." In Joanna Pfaff-Czarnecka, Darini Rajasingham-Senanayake, Ashis Nandy, and Edmund Terrence Gomez (eds), *Ethnic Futures: The State and Ethnic Politics in Asia*. New Delhi: Sage.
- 2006. "The 2004 Malaysian General Elections: Economic Development, Electoral Trends, and the Decline of the Opposition." In Saw Swee-Hock and K. Kesavapany (eds), *Malaysia: Recent Trends and Challenges*. Singapore: Institute of Southeast Asian Studies.
- Gomez, Edmund Terrence and K. S. Jomo. 1997. *Malaysia's Political Economy: Politics, Patronage and Profits*. Cambridge: Cambridge University Press.

- Haji Maarof bin Haji Salleh and Noorahikin Abdul Rahman. 2004. *Malaysia's 2004 General Elections: An Assessment*. Trends in Southeast Asia Series 11. Singapore: Institute for Southeast Asian Studies
- Halapua, Winston. 2003. *Tradition, Lotu, and Militarism in Fiji*. Lautoka, Fiji: Fiji Institute of Applied Studies.
- Hale, Henry. 2004. "Explaining Ethnicity." *Comparative Political Studies* 37(4): 458–85.
- Hechter, Michael. 1995. "Explaining Nationalist Violence." *Nations and Nationalism* 1(1): 53–68.
- . 2000. *Containing Nationalism*. New York: Oxford University Press.
- Hing Ai Yun. 1984. "Capitalist Development, Class, and Race." In Syed Husin Ali (ed.), *Ethnicity, Class and Development Malaysia*. Kuala Lumpur: Persatuan Sosial Sains Malaysia.
- Hogg, M. and B. Mullin, 1999. "Joining Groups to Reduce Uncertainty." In D. Abrams and B. Mullin (eds), *Social Identity and Social Cognition*. Malden, MA: Blackwell.
- Horowitz, D. 1985. *Ethnic Groups in Conflict*. Berkeley, CA: University of California Press.
- . 1991. *A Democratic South Africa? Constitutional Engineering in a Divided Society*. Berkeley, CA: University of California Press.
- . 2002. "Constitutional Design: Proposals versus Processes." In Andrew Reynolds (ed.), *The Architecture of Democracy: Constitutional Design, Conflict Management, and Democracy*. Oxford: Oxford University Press.
- Jauch, Herbert. 1997. "Economics after Apartheid." *Canadian Dimension* 31(4): 26–33.
- Kaplan, Robert. 1993. *Balkan Ghosts: A Journey through History*. New York: Random House.
- Kaufmann, Stuart. 2001. *Modern Hatreds: The Symbolic Politics of Ethnic War*. Ithaca, NY: Cornell University Press.
- Kelly, John and Martha Kaplan. 2001. *Represented Communities: Fiji and World Decolonization*. Chicago, IL: University of Chicago Press.
- King, Gary, Robert Keohane, and Sidney Verba. 1994. *Designing Social Inquiry*. Princeton, NJ: Princeton University Press.
- Kurer, Oskar. 2001. "Land and Politics in Fiji: Of Failed Land Reforms and Coups." *Journal of Pacific History* 36(3): 285–98.
- Lal, Brij. 1992. *Broken Waves: A History of the Fiji Islands in the Twentieth Century*. Honolulu, HI: University of Hawaii Press.
- . 1997. *A Vision for Change: A. D. Patel and the Politics of Fiji*. Canberra: Asia Pacific Press.
- . 1998. *Another Way: The Politics of Constitutional Review in Post-Coup Fiji*. Canberra: Asia Pacific Press.
- . 2000a. "A Time to Change: The Fiji General Elections of 1999." In Brij Lal (ed.), *Fiji Before the Storm: Elections and the Politics of Development*. Canberra: Asia Pacific Press.
- . 2000b. "'Chiefs and Thieves and Other People Besides': The Making of George Speight's Coup." *Journal of Pacific History* 35(3): 281–94.
- . 2000c. "Madness in May: George Speight and the Unmaking of Modern Fiji." In Brij Lal (ed.), *Fiji Before the Storm: Elections and the Politics of Development*. Canberra: Asia Pacific Press.

- Landa, Janet. 1994. *Trust, Ethnicity and Identity*. Ann Arbor, MI: University of Michigan Press.
- Lawson, Stephanie. 1991. *The Failure of Democratic Politics in Fiji*. Oxford: Clarendon Press.
- 1992. "Constitutional Change in Fiji: The Apparatus of Justification." *Ethnic and Racial Studies* 15(1): 61–84.
- Lijphart, Arend. 1977. *Democracy in Plural Societies*. New Haven, CT: Yale University Press.
- 1994. *Electoral Systems and Party Systems: A Study of Twenty Seven Democracies 1945–1990*. Oxford: Oxford University Press.
- 2002. "The Wave of Power-Sharing Democracy." In Andrew Reynolds (ed.), *The Architecture of Democracy: Constitutional Design, Conflict Management, and Democracy*. Oxford: Oxford University Press.
- Lim Hong Hai. 2003. "The Delineation of Peninsular Electoral Constituencies: Amplifying Malay and UMNO Power." In Francis Loh Kok Wah and Johan Saravanamuttu (eds), *New Politics in Malaysia*. Singapore: Institute of Southeast Asian Studies Press.
- Linz, Juan and Arturo Valenzuela. 1994. *The Failure of Presidential Democracy*. Baltimore, MD: Johns Hopkins University Press.
- Lodge, Tom. 1991. "Rebellion: The Turning of the Tide." In Tom Lodge and Bill Nasson (eds), *South Africa: Time Running Out*. New York: Ford Foundation.
- 2002. *Politics in South Africa: From Mandela to Mbeki*. Bloomington, IN: Indiana University Press.
- Maphai, Vincent. 1996. "A Season for Power-Sharing." *Journal of Democracy* 7(1): 67–81.
- Mara, Ratu Sir Kamisese. 1997. *The Pacific Way: A Memoir*. Honolulu, HI: University of Hawaii Press.
- Mayer, Adrian. 1963. *Indians in Fiji*. Oxford: Oxford University Press.
- Meredith, Martin. 1999. *Coming to Terms: South Africa's Search for Truth*. New York: Public Affairs.
- 2002. *Our Votes, Our Guns: Robert Mugabe and the Tragedy of Zimbabwe*. New York: Public Affairs.
- Milne, R.S. 1981. *Politics in Ethnically Bipolar Societies*. Vancouver: University of British Columbia Press.
- Mohamad, Maznah. 2003. "The Contest for Malay Votes in 1999: UMNO's Most Historic Challenge?" In Francis Loh Kok Wah and Johan Saravanamuttu (eds), *New Politics in Malaysia*. Singapore: Institute of Southeast Asian Studies Press.
- Ng Tien Eng. 2003. "The Contest for Chinese Votes: Politics of Negotiation or Politics of Pressure?" In Francis Loh Kok Wah and Johan Saravanamuttu (eds), *New Politics in Malaysia*. Singapore: Institute of Southeast Asian Studies Press.
- Ngata, J. 1981. "In Defense of Ethnic Boundaries: The Changing Myths and Characters of Malay Identity." In Charles Keyes (ed.), *Ethnic Change*. Seattle: University of Washington Press.
- North, Douglass. 1990. *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.
- Norton, Robert. 1977. *Race and Politics in Fiji*, 1st edn. St. Lucia: University of Queensland Press.
- 1990. *Race and Politics in Fiji*, 2nd edn. St. Lucia: University of Queensland Press.

- 2000. "Understanding the Results of the 1999 Fiji Elections." In Brij Lal (ed.), *Fiji Before the Storm: Elections and the Politics of Development*. Canberra: Asia Pacific Press.
- 2002. "Accommodating Indigenous Privilege: Britain's Dilemma in Decolonising Fiji." *Journal of Pacific History* 37(2): 133–56.
- 2004. "Seldom a Transition with such Aplomb: From Confrontation to Conciliation on Fiji's Path to Independence." *Journal of Pacific History* 39(2): 163–84.
- Ostrom, Elinor, Larry Schroeder, and Susan Wynne. 1993. *Institutional Incentives and Sustainable Development*. Boulder, CO: Westview Press.
- Petersen, Roger. 2002. *Understanding Ethnic Violence*. Cambridge: Cambridge University Press.
- Posen, Barry. 1993. "The Security Dilemma and Ethnic Conflict." *Survival* 35(1): 27–47.
- Prasad, Biman and Sunil Kumar. 2000. "Institutional Rigidities and Economic Performance in Fiji." In A. Haroon Akram-Lodhi (ed.), *Confronting Fiji Futures*. Canberra: Asia Pacific Press.
- Premdas, Ralph. 1993. *Ethnicity and Development: The Case of Fiji*. New York: United Nations.
- Rabuka, Sitiveni. 2000. "The Fiji Islands in Transition: A Personal Reflection." In Brij Lal (ed.), *Fiji Before the Storm: Elections and the Politics of Development*. Canberra: Asia Pacific Press.
- Rabushka, Alvin and Kenneth Shepsle. 1972. *Politics in Plural Societies: The Cultural Dimensions of Authority*. Columbus, OH: Merrill.
- Rachagan, S. Sothi. 1987. "The Apportionment of Seats in the House of Representatives." In Zakaria Haji Ahmad (ed.), *Government and Politics of Malaysia*. Singapore: Oxford University Press.
- Ratuva, Steven. 2000. "Addressing Inequality? Economic Affirmative Action and Communal Capitalism in Post-Coup Fiji." In A. Haroon Akram-Lodhi (ed.), *Confronting Fiji Futures*. Canberra: Asia Pacific Press.
- Ravuvu, Asesela. 1991. *The Façade of Democracy: Fijian Struggles for Political Control, 1830–1987*. Suva: Institute of Pacific Studies, University of the South Pacific.
- Reilly, Benjamin. 2001. "Evaluating the Effect of the Electoral System in Post-Coup Fiji." *Pacific Economic Bulletin* 16(1): 142–9.
- Republic of South Africa (RSA). 1990. *South Africa 1989–1990*. Pretoria.
- 1996. Debates of the National Assembly 1996, vol. 9: 15 January to 7 June. Cape Town.
- 2000. Debates of the National Assembly 2000: Second Session – Second Parliament. Cape Town.
- Reynolds, Andrew. 2002. *The Architecture of Democracy: Constitutional Design, Conflict Management, and Democracy*. Oxford: Oxford University Press.
- Saravanamuttu, Johan. 2003. "The Eve of the 1999 General Election: From NEP to Reformasi." In Francis Loh Kok Wah and Johan Saravanamuttu (eds), *New Politics in Malaysia*. Singapore: Institute of Southeast Asian Studies Press.
- Scarr, Deryck. 1984. *Fiji: A Short History*. Sydney: George Allen and Unwin.
- 1990. *The History of the Pacific Islands*. Melbourne: Macmillan.
- Schrire, Robert. 1991. *Adapt or Die: The End of White Politics in South Africa*. New York: Ford Foundation Foreign Policy Association.
- Scobell, Andrew. 1994. "Politics, Professionalism, and Peacekeeping: An Analysis of the 1987 Military Coup in Fiji." *Comparative Politics* 26(2): 187–202.

- Shamshul, A. B. 2004. "Texts and Collective Memories: The Construction of 'Chinese' and 'Chineseness' from the Perspective of a Malay." In Leo Suryadinata (ed.), *Ethnic Relations and Nation-Building in Southeast Asia*. Singapore: Institute of Southeast Asian Studies.
- Shils, Edward. 1957. "Primordial, Personal, Sacred, and Civil Ties." *British Journal of Sociology* 8 (June): 130–45.
- Smith, Anthony. 1992. "Chosen Peoples: Why Ethnic Groups Survive." *Ethnic and Racial Studies* 15(3): 440–9.
- . 2000. *The Nation in History: Historiographical Debates about Ethnicity and Nationalism*. Lebanon, NH: University Press of New England.
- Smith, M. G. 1965. *The Plural Society in the British West Indies*. Berkeley, CA: University of California Press.
- Sparks, Allister. 1995. *The Past is Another Country: The Inside Story of South Africa's Road to Change*. Chicago, IL: University of Chicago Press.
- Strom, Kaare. 1990. *Minority Government and Majority Rule*. Cambridge: Cambridge University Press.
- Sutherland, William. 1992. *Beyond the Politics of Race: An Alternative History of Fiji to 1992*. Canberra: Department of Political and Social Change, Research School of Pacific Studies, Australian National University.
- . 2000. "The Problematics of Reform and the 'Fijian' Question." In A. Haroon Akram-Lodhi (ed.), *Confronting Fiji Futures*. Canberra: Asia Pacific Press.
- Tajfel, Henri and John Turner. 1978. "An Integrative Theory of Intergroup Conflict." In W. G. Austin and S. Worchel (eds), *The Social Psychology of Intergroup Relations*. Monterey, CA: Brooks/Cole.
- Tan, Eugene K. B. 2001. "From Sojourners to Citizens: Managing the Ethnic Chinese Minority in Indonesia and Malaysia." *Ethnic and Racial Studies* 24(6): 949–78.
- Thompson, Leonard. 2000. *A History of South Africa*, 3rd edn. New Haven, CT: Yale Nota Bene.
- Van de Berghe, Pierre. 1981. *The Ethnic Phenomenon*. New York: Elsevier.
- Varshney, Ashutosh. 2002. *Ethnic Conflict and Civic Life*. New Haven, CT: Yale University Press.
- . 2003. "Nationalism, Ethnic Conflict, and Rationality." *Perspectives on Politics* 1: 85–99.
- Watson Andaya, Barbara and Leonard Andaya. 1982. *A History of Malaysia*. London: Macmillan.
- Weiner, Myron. 1978. *Sons of the Soil: Migration and Ethnic Conflict in India*. Delhi: Oxford University Press.
- Wilkinson, Steven. 2001. "Constructivist Assumptions and Ethnic Violence." *APSA-CP* 21(1): 17–20.
- Wimmer, Andreas. 2002. *Nationalist Exclusion and Ethnic Conflict*. Cambridge: Cambridge University Press.

Index

Note: page numbers in **bold** refer to illustrations.

- 'above-the-line' voting 92, **93**
- affirmative-action programs based
 - on regulated set of redistributive policies 59, 60, 70, 160–61; Fiji 106–10; goal of political moderation 106, 109, 137;
 - Malaysia 136–7; South Africa 156; *see also* theoretical dynamics governing conflict management based on levels of political representation and redistribution rate of economy
- Aguilar, F. 52
- alternative vote (AV) electoral system 27, 28; Fiji 91–2, 96, 100, 101; minimizing outbidding 35; pooling votes around moderate parties 27
- Amin, Idi **61**, 62, 69
- ancient hatreds 4
- Andaya, L. 45
- Anderson, B. 4, 5
- Andrews, K. 152
- Anuar, Mustafa 121, 132
- Anwar Ibrahim 129, 132, 133
- AV *see* alternative vote (AV) electoral system
- Backer, D. 10
- Bainimarama, F. 19, 98, 164
- Batalden, Sandra 17
- Batalden, Stephen 17
- Bates, R. 23
- Bavrada, Dr. Timoci 87, 88, 89, 111, 161
- Beddoes, M. 106–7
- Bhavani, R. 10
- Biko, S. 144
- Bogaards, M. 28
- Bonacich, E. 3, 9, 15, 66
- Botha, P. 145
- Bothelezi, M. 144
- Brass, P. 4, 9, 10, 22
- Britain: difficulties reconciling
 - desire to protect indigenous communities with democratic principles 34
- Bune, Poseci 98
- Burnham, L. 36
- Butadroka, Sakeasi 82, 83, 89, 103, 106, 108
- Butler, A. 141, 142, 143, 145, 146, 148, 149, 150, 151, 153, 159
- Cakobau, Adi Samanunu 98
- Cakobau, Ratu Edward 78
- Cakobau, Ratu George 38, 78, 80, 84, 85, 110, 161
- CCF 74, 101, 102, 107
- Chandra, Kanchan 4, 10

- Chaskalson, M. 142
- Chaudhry, Mahendra 1, 73, 95, 97, 98, 102, 111
- Chua, A. 3, 20, 158, 163
- Citizens' Constitutional Forum (CCF) 74, 101, 102, 107
- Cohen, F. 23, 25
- conflict management: success of counterbalanced states 158
- consociational electoral systems 26–7; potential for outbidding 27
- constituency pooling 28
- counterbalance 6, 16, 18, 54; definition of 15; example countries **17**; incentives for inter-ethnic cooperation 54–5; incentives for outbidding 55, 56
- Cox, G. 24, 25, 34, 71
- Crawford, S. 24, 29
- cross-country qualitative comparisons 20
- Crouch, H. 27, 50, 51, 59, 113, 114, 117, 121, 122, 123, 124, 125, 126, 127, 128, 130, 131, 135, 137, 161
- DeKlerk, F. 145, 146, 150; radical changes 145–6
- democracy: conflict management 162; divided states 71; institutionalizing uncertainty 29, 68, 85; political issues reduced to ethnic consequences 23, 71; reconciling with protection of indigenous communities 24, 34, 53, 58; 'third wave' of democratization 23
- Deutsch, K. 8
- Dubow, S. 143
- Durutalo, A. 104
- Duverger, M. 25, 34
- economic disparity 16
- economic growth benefiting both economic and political groups: Malaysia 137; South Africa 156
- economic policies *see* redistribution rates
- economic recession limiting resources for redistribution: effect on inter-ethnic peace 59–60; 131, 137
- economically dominant groups: characteristics of 15; clamouring for political power 56–7, 160; example countries **17**; inclination to vote for ethnic political parties 68; increased population of 104, **105**; political elites desire to catch up with 33; political requirements 54–5; 159; protection and validation by colonial powers 55; supporting indigenous moderates and participating as junior political members 68
- Edelman, M. 13, 32
- electoral engineering: inconsistencies between procedurally fair electoral practices and need to maintain ethnic bargains 23, 24, 162; means of conflict management 22, 24, 25–6
- electoral systems: 'above-the-line' voting 92, **93**; actors' beliefs and knowledge 94, 95; alternative vote system 27, 28, 35, 91–2, 96, 100, 101; competing interests in designs 28–9; consociational model 26–7; constituency pooling 28; definition 24; district magnitudes 24–5; electoral formulas 24, 25; electoral thresholds 25; majoritarian rules 25, 34; modified designs 28, 29, 162; multi-ethnic coalitions 30; proportional representation 25, 147, 154; rules 24, 29
- electoral systems overrepresenting

- constituencies dominated by the political group: Fiji 104, **105**;
- Malaysia 117–20, 133, 134, 135–6
- ‘entropy resistance’ 8
- Esman, M. 3, 9, 10, 45, 46, 47, 48, 49, 59, 63, 116, 121, 128, 137, 144, 145, 146
- ethnic bargains 54, 159; abandoning bargain and building new political institutions 69; changes 56, 68–9, 160; economic groups clamouring for political power 56–7, 160; electoral systems 162; political groups advocating expropriation of wealth 57, 160; sense of dignity and security 102, 163–4; ‘tinkering’ with constitutional-level rules 69
- ethnic claims to political dominance: perceived right to succeed colonial power 34; *see also* myths of indigenusness
- ethnic conflict: elite manipulation 9, 10; emotional responses 11; institutional incentives 11–13; lack of inter-ethnic civic associations 13; modernization and economic competition 8–9; role of ethnic myths 13, 14; theories of 7–15, 21–2; *see also* outbidding
- ethnic identity 3–4; activated reference points 6, 7; classification of 3–4; constructivism 4; perception of who counts as group member 4–5; primordialism 4, 6; reasons for having identities 5–6; static identity 5; theories of 31–2
- ethnic myths 13–14, 31, 32, 33; ethnic myth of election 33; myth–symbol complex 32; use of 30, 31; *see also* myths of indigenusness; symbols
- ethnic political parties 23, 36, 37; countervailing tendencies 37, 68; incentives for outbidding strategies 37; multiple ethnic parties 37
- ethnicities 31
- expropriation *see* redistribution rates
- Far Eastern Economic Review* (FEER) 132, 133
- fear of domination 56, 74
- fear of extinction 31
- Fearon, J. 7, 10, 12, 22
- FEER 132, 133
- Fiji: ‘above-the-line’ voting 92, **93**; affirmative-action programs 82–3, 86, 90, 91, 100, 106–10; alliances between chiefs and Indian politicians 74; alliances between Europeans and Indians 41; alternative vote system 91–2, 96, 100, 101; British belief in maintaining traditional way of life 39, 40; by-elections (1968) and subsequent violence 79–80; calls for repatriation 83, 89, 99; chiefly authority 43; chiefs cooperation with the British 38; common-roll voting 78, 79; coup (1987) 88–9; cross-voting system 81, 82; culturally homogenous groups 51; Deed of Cession 38, 43, 44, 73, 76; democratic procedures, prospects for 110, 111; economic domination by Indians 40, 41, 76, 77; economic effect of coups 100; election results (2001) **101**; electoral systems overrepresenting constituencies dominated by the political group 104, **105**; ethnic composition of **74**; ethnic composition of parliament **82**; exclusively Fijian government 90;

- exodus of Indo-Fijians and effect on economy 89, 90, 91; extremist parties 100, 101; failure of electoral system to return *taukei* government 84, 85, 87; Farming Assistance Scheme 102; fear of domination 56, 74; Fiji Labour Party (FLP) 87; Fijian Affairs Board (FAB) 43, 44, 74; Fijian Nationalist Party (FNP) 82, 83; Fijians participation in the market economy 39, 40, 42, 86, 109; flaws of 1997 constitution 92, 93, 94; FLP/NFP coalition 87, 88; fragmentation of indigenous political group 105–6; future of 164; government members taken hostage 1; increased population of economically dominant group 104, **105**; indenture system for importation of Indian laborers 39, 73; Indians' desire for political equality 41, 77; Indians' migration to 39–40; indigenous groups' sense of dignity and security from ethnic bargains 102, 163–4; insulation of indigenous dominance 90, 91, 103–6, 161; inter-ethnic cooperation 110–11; intra-Fijian disputes 89, 96, 99, 105–6, 110; land leases 42, 75, 97–8, 100, 101, 102, 106, 107, 109; Melanesian and Polynesian heritage 38; myth of indigeness 83, 89; Native Land Trust Board (NLTB) 42, 75; negotiations on independence 80–81; NFP unwilling to form government and break tacit bargain 84, 110, 161; NFP winning election 83–4; outbidding 82, 83, 85, 87, 89, 99, 110, 111; paramountancy of Fijian interests under the Deed of Cession 40, 77; 'Peoples Coalition' gaining power 96; political instability 72–3; political marginalization of immigrant groups 52; preelectoral coalitions 95, 96; reconciliation of exclusionary principles of political membership with institutions of governance predicated on democratic values 53; resistance to independence 44, 76, 77, 78; Speight's coup and attendant violence 98, 99, 100; tacit bargain 44, 52, 102, 159, 161, 163–4; *taukei* 43, 44, 74, 75, 76, 111, 159; 'three-legged stool' of society 42, 73–4; *vulagi* 75, 76, 99
- Financial Times* 151
 Firmin-Sellers, K. 94, 95
 Fraenkel, J. 81, 83, 84, 87, 89, 90, 91, 92, 98, 100
 fragmentation of indigenous political group: Fiji 105–6; Malaysia 136
 Freedman, A. 45, 47, 49, 51, 116, 123, 130, 136
 Funston, J. 134
 Furnivall, J. 3, 7, 46
- Ganguly, S. 45, 47, 50, 51, 115, 116, 121, 122, 123, 127, 135, 161
 Ganilau, Ratu Panaia 78, 90
 Geertz, C. 4
 Gellner, E. 5, 8
 Gibson, J. 150
 Gil-White, F. 5
 Glaser, D. 144, 146, 147
 Gomez, E. 46, 50, 115, 117, 122, 124, 125, 126, 127, 128, 129, 131, 134, 136, 164
 Gordon, Sir Arthur 39

- Gouws, A. 150
 Guyana: emergence of ethnic political parties 36–7
- Haji Maarof bin Haji Salleh 134
 Hale, H. 4, 5, 6, 7, 10, 159
 Hechter, M. 4, 10
 Hing Ai Yun 47
 Hogg, M. 5
 Horowitz, D. 3, 8, 9, 10, 22, 23, 27, 29, 31, 32, 33, 34, 36, 37, 47, 55, 66, 68, 71, 92, 147, 162
 Hussein Onn 123
- Iloilo, Ratu Josefa 19
 in-group policing: curbing inter-ethnic violence 12
 indigenous groups *see* myths of indigeness
 institutional incentives 11–13, 23, 158, 159
 institutional structures: categorizing 24; *see also* norms; rules
 intra-ethnic divisions 6, 7, 55–6, 58
- Jagan, C. 36
 Jakeway, D. 78, 79
 Jauch, H. 149
 Jomo, K. 122, 124, 125, 126, 127
- Kaplan, R. 3, 4, 7
 Kaufman, S. 3, 7, 10, 13, 22, 31, 32, 37, 57, 160
 Keohane, R. 20
 King, G. 20
 King, R. 12
 Koya, S. 80, 82, 84, 85, 103, 104, 110, 161
 Kumar, S. 107
 Kurer, O. 75, 86, 97, 101, 107
- Laitin, D. 7, 10, 12, 22
 Lal, B. 78, 83, 89, 94, 95, 97, 98, 99, 100
 Landa, J. 9
 Lawson, S. 81, 82, 87, 88, 89, 90
 Lee Kuan Yew 114
 Lijphart, A. 24, 25, 26, 27, 71
 Lim Hong Hai 117, 118, 119, 120
 Lim Kit Siang 117, 130, 132, 138
 Linz, J. 25
 Lodge, T. 141, 144, 148, 149, 151, 153
- Maddocks, Sir Kenneth 72, 77
 Mahathir Mohammed 112, 113, 123, 129, 130, 131, 132, 133, 135, 136, 138
 majoritarian electoral rules 25; constraints on party formation 34; reinforcing ethnic domination 25
 Malaysia: affirmative-action programs 121, 122, 123, 124–7, 130, 134, 136–7, 161–2; Alliance model 50, 114; Anwar Ibrahim 129, 132, 133; apportionment of seats in peninsular Malaysia **119–20**; Asian financial meltdown 131–2; Chinese and Indians considered temporary residents 47; Chinese development of economy 45–6, 47; Chinese economic strength 128; Chinese education 115–16, 122; Chinese nationalism 47–8; Chinese willingness to cooperate with British and moderate Malays 49; college admissions 21; Constitution 50–51; culturally homogenous groups 51; development of Malay ownership and managerial class 124–7, 137; division of labor 46–7; economic growth 137; economic recession

- limiting resources for redistribution 131, 137; education reform 122, 123, 124; electoral system biased in government's favour 117–20, 133, 134, 135–6; English–language instruction 124; ethnic composition of 113, **114**, 136; European colonization 44–5; federation 50; fragmentation of indigenous political group 136; future of 164–5; importing Indian labor 46; insulation of indigenous dominance 135–6; intra-ethnic conflict 113, 128, 129, 131, 133, 136; Japanese wartime occupation 48; lack of transparency and justice 137–8; legislation to prevent opposition groups from organizing 120–21; Malay ambitions for independence 48, 49; Malay-language instruction 112, 115, 116; Malay Union 49–50; martial law 116; media controls 121; multi-ethnic electoral cooperation 50, 130, 133, 134, 135 myth of indigenusness 34, 45, 48, 51, 138; Operasi Lalang 112, 113, 130, 131; oppressive tactics 136; outbidding 112, 114, 115, 116, 118; patronage system 126, 128, 129, 131, 136; political marginalization of immigrant groups 52; political moderation through affirmative-action programmes 137; power of Prime Minister's office 135, 138; reconciliation of exclusionary principles of political membership with institutions of governance predicated on democratic values 53; Resident system 45; riots (1969) 116, 161; rural Malays excluded from modern economy 45, 46, 47; sense of political privilege 47, 51, 52; share capital ownership 121, **122**, **125–6**; subsidy mentality of *bumiputeras* 127; tacit bargain 50–51, 52, 113, 135, 136, 137, 159; UMNO 50
- Mandela, N. **61**, 144, 145, 148, 149, 153, 165
- Manuel, T. 156
- Maphai, V. 27
- Mara, Ratu Kamisese 78, 79, 80, 83, 84, 86, 88, 89, 98, 99, 100, 103, 106, 161
- Mayer, A. 39, 41
- Mbeki, T. 19, **61**, 141, 151, 153, 154, 156, 160, 165
- Means 50
- Meredith, M. 150
- middlemen 9
- Milne, R. 2, 3, 9, 10, 35, 36, 66
- modernization and economic competition 8–9
- Mohamad, M. 133
- Mugabe, R. 1, 56, 62, 65, 165
- Mullin, B. 5
- multi-ethnic coalitions 30
- Musa Hitam, Datuk 129
- myths of indigenusness 6–7, 14, 15–16, 21, 30, 159; allowing individuals to make sense of complex social situations 159; control of political institutions as non-negotiable 159; electoral systems to enforce 23; fit with democracy 24, 34, 53; justification for group dominance 22, 163; norm, as a 24; perception of threat 32–3; prior occupation 33–4; problem during independence process 159; sense of privilege 33
- Narayan, Irene 84

- nationalism 30–1; civic notions of 163; ethnies 31; genealogical notions of 163
- Ng Tien Eng 133
- Ngata, J. 6, 45
- Nkrumah, Kwame 94
- Noorahikin Abdul Rahman 134
- norms 22, 24, 29; *see also* ethnic bargains; myths of indigenouness
- North, D. 23
- Norton, R. 38, 41, 43, 44, 52, 74, 76, 78, 79, 80, 81, 82, 83, 84, 86, 87, 88, 89, 91, 92, 110, 161
- Ong Kian Ming 117, 118, 119
- Orwell, G. 21
- Ostrom, E. 23, 24, 29
- outbidding 2, 9–10, 35; alternative vote electoral system 35; consociational electoral systems 27; ethnic political parties 37; exploiting indivisible issues 37; incentives in counterbalanced states 55, 56; perpetual threat of 165
- Patel, A. D. 44, 77, 79, 80
- perpetuation of conflict 70
- Petersen, R. 3, 10, 11, 32
- political institutions dominated by parties of indigenous ethnic community but including minority economic groups 57–8, 70, 160; democratic electoral institutions' ability to insulate indigenous political dominance 58; Fiji as example of failure of multi-ethnic coalitions and destructive power of outbidding 103; Malaysia 135; moderates domination of political system 60; South Africa 153; *see also* theoretical dynamics governing conflict management based on levels of political representation and redistribution rate of economy
- political representation: theoretical dynamics governing conflict management based on levels of political representation and redistribution rate of economy 60, **61**, 62–7; *see also* political institutions dominated by parties of indigenous ethnic community but including minority economic groups
- politically dominant groups: advocating expropriation of wealth 57, 160; characteristics of 15–16; economic benefits for 159; example countries **17**; incentives to present a united front 67; protection and validation by colonial powers 55, 71; value-rational goods associated with political dominance 69; *see also* political institutions dominated by parties of indigenous ethnic community but including minority economic groups
- Posen, B. 11
- Prasad, B. 107
- Premdas, R. 44
- prior occupation *see* myths of indigenouness
- proportional representation 25; South Africa 147, 154
- Qarase, Laisenia 19, 98, 100, 101, 102, 164
- Qarikau, Marika 97
- Rabuka, Sitiveni 72, 73, 88, 89, 91, 93, 95, 99, 100, 103, 111

- Rabushka, A. 2, 4, 9, 10, 16, 27, 35, 36, 158
- Rachagan, S. 118
- Ramrakha, Karam 84, 85
- Ratuva, S. 86, 90, 91, 108, 109, 131
- Ravuvu, Asesela 75, 76, 164
- Razak Hussein, Abdul 116, 117, 161
- Razaleigh Hamzah, Tengku 129, 130, 131
- Reddy, Jai Ram 72, 73, 93, 95, 103, 111
- redistribution rates: economic
 recession limiting resources for
 redistribution 59–60, 131, 137;
 theoretical dynamics governing
 conflict management based on
 levels of political representation
 and redistribution rate of
 economy 60, **61**, 62–7; *see also*
 affirmative-action programs
 based on regulated set of
 redistributive policies
- Reeves, Sir Paul 91
- Reilly, B. 71
- rent-seeking 163
- representation *see* political
 representation
- Republic of South Africa (RSA)
 152, 157
- Reynolds, A. 71
- Rhamaposa, C. 152
- RSA 152, 157
- rules 24, 29; *see also* electoral
 systems
- Sakuna, Ratu 42, 74, 76, 78, 104
- Saravanamuttu, J. 132
- Scarr, D. 42, 76, 78, 79, 80
- Schrire, R. 146
- Scobell, A. 84, 87, 88
- Shamshul, A. 51
- Shepsle, K. 2, 4, 9, 10, 16, 27, 35, 36, 158
- Shils, E. 4
- Sisulu, W. 144
- Sizani, R. 139, 156, 157
- Slovo, J. 144
- Smith, A. 31, 32, 33, 163
- Smith, I. 1, **61**, 65
- Smith, M. 3, 7, 46
- Smuts, J. 142
- South Africa: ANC 143, 148, 153,
 154; apartheid regime 141–3;
 attacks against white farmers 139;
 basic services delivery for blacks
 148, 149; Black Economic
 Empowerment (BEE) initiatives
 140, 151, 152, 153, 156, 157, 160;
 black resistance to apartheid
 143–4, 145; demand for extreme
 forms of redistribution to rectify
 legacy of apartheid 140, 156–7;
 economic dominance of whites
 140, 147, 150; economic downturn
 144–5; economic growth 153, 156;
 economic reorganization 148,
 149, 160; electing extremists
 through fear of retribution 146;
 election results **154–5**; emergency
 rule 145; ethnic composition of
 139; exodus of whites 153; fear of
 economic expropriation 148;
 future of 165; government
 recognition of futility of
 apartheid 144, 145; human rights
 abuses 149–50; intra-party
 conflict 156; obstacles to
 economic prosperity 152–3;
 proportional electoral system
 147, 154; radical changes
 instituted by DeKlerk 145–6;
 Record of Understanding 147;
 referendum on government
 negotiations 146; secretive
 negotiations between NP and ANC
 146; secure property rights 149,
 159–60; success of moderate
 elements of political hierarchy
 157; white liberals' support for

- ANC 144; whites' recognition of
need for redistribution 153;
willingness of blacks to develop
multiracial democracy 153
- Speight, G. 1, 56, 73, 98, 99, 100
- 'spiral regime' 12
- Strom, K. 23
- Sutherland, W. 42, 83, 91, 108, 109
- symbols 2–3; definition 32; *see also*
ethnic myths
- tacit bargains *see* ethnic bargains
- Tajfel, H. 5
- Tan, E. 3, 51, 52, 123, 126, 138, 161
- theoretical dynamics governing
conflict management based on
levels of political representation
and redistribution rate of
economy 60, **61**, 62–7
- Thompson, L. 141, 142, 144, 146, 149
- titular ethnic groups 31
- Tora, Apisai 89, 98
- Tunku Abdul Rahman 115, 116
- Turner, J. 5
- Valenzuela, A. 25
- value-rationality 165
- Van de Berghe, P. 4
- Varshney, A. 10, 13, 165
- Verba, S. 20
- Verwoerd, H. 142
- Watson Andaya, B. 45
- Weiner, M. 3, 9
- Wimmer, A. 8
- Zakaria Haji Ahmed, Dr. 138
- Zimbabwe: expropriation of white-
owned farms 1–2, 56
- Zuma, J. 154, 165